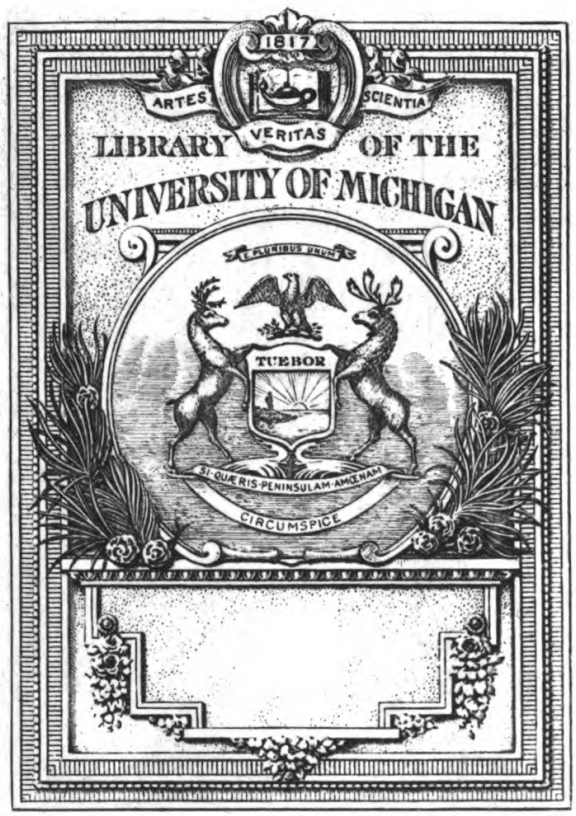
B 1,324,786

Digitized by Google

Original from
UNIVERSITY OF MICHIGAN



Digitized by Google
Original from
UNIVERSITY OF MICHIGAN

Digitized by Google
Original from
UNIVERSITY OF MICHIGAN

Digitized by Google
Original from
UNIVERSITY OF MICHIGAN

Wartime Racketeers

Digitized by Google
Original from
UNIVERSITY OF MICHIGAN

Digitized by Google
Original from
UNIVERSITY OF MICHIGAN

Wartime Racketeers

by Harry Lever and Joseph Young

G. P. Putnam's Sons, New York

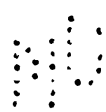
Digitized by Google
Original from UNIVERSITY OF MICHIGAN

COPYRIGHT, 1945, BY HARRY LEVER AND JOSEPH YOUNG

All rights reserved. This book, or parts thereof, must not be reproduced in any form without permission.

Government wartime restrictions on materials have made it essential that the amount of paper used in each book be reduced to a minimum. This volume is printed on lighter paper than would have been used before material limitations became necessary, and the number of words on each page has been substantially increased. The smaller bulk in no way indicates that the text has been shortened.

MANUFACTURED IN THE UNITED STATES OF AMERICA



Digitized by Google

Original from
UNIVERSITY OF MICHIGAN

CONTENTS

	Introduction	vii
1.	*Hockshop Heroes*	1
2.	*The Meanest Men*	17
3.	*Pedagogues in Poolrooms*	32
4.	*The Five-and-Dimers*	39
5.	*Welcome, Soldier!*	50
6.	*Mailbox Marauders*	61
7.	*The Perennial Brides*	75
8.	*'Tis More Blessed . . .*	85
9.	*There's a Draft Blowing . . .*	94
10.	*The Contrabandists*	110
11.	*The Black Marketeers*	127
12.	*Bonanza in Bottles*	144
13.	*Pipeline to Plunder*	155
14.	*The Counterfeiters*	176
15.	*How Many Lives?*	190
16.	*Black Sheep in Industry*	198
17.	*Cost Plus—Plus!*	205
18.	*The Man in the Middle*	216
19.	*Postwar Prelude*	222

Digitized by Google
Original from UNIVERSITY OF MICHIGAN

Digitized by Google
Original from
UNIVERSITY OF MICHIGAN

INTRODUCTION

There are people in America who hope that the war will never end. The longer it lasts, the more money will line their pockets.

You knew them well in prewar days when their activities were not masked by a variety of patriotic façades. They peddled narcotics, sold the Brooklyn Bridge, intimidated small shopkeepers with "protective associations," organized nonexistent mining companies, solicited funds for fake charities, trafficked in bootleg gin and French pictures, and robbed collection plates.

Today they are wartime racketeers.

The war has given new twists to their hoary schemes and new headaches to law enforcement officers. The rebirth of these professional parasites has cost the nation millions of dollars, slowed the war effort, and sent thousands of soldiers and sailors to their deaths through an unsavory assortment of swindles, black market operations, and frauds.

They range from the small-time confidence man who plays on the emotions of servicemen's families for a handout, to the officers of nationally known corporations who, for added profit, willfully sanction the manufacture of defective war material which may cost a fighting man's life.

Combating them are the agencies of federal, state, and local governments, but that is not sufficient. The task of the Federal Bureau of Investigation, the United States Department of Justice, the Treasury Department law enforcement agencies, the Federal Trade Commission, the Office of Price Administration, and similar bodies would be made easier—and the lot of the wartime racketeer made correspondingly harder—if citizens could learn to recognize and promptly report the various schemes and swindles directed against them as individuals or against the nation as a whole. The end of the war will have no effect on the petty racketeer. On the contrary, the return of millions of servicemen, the confusion of transition from wartime to peacetime living, will serve only to broaden the scope of his activities.

This book will attempt to portray the multiple corrupt methods by which the wartime racketeer flourishes, so that those of us who may meet him will be forewarned.

THE AUTHORS

Digitized by Google
Original from UNIVERSITY OF MICHIGAN

Digitized by Google
Original from
UNIVERSITY OF MICHIGAN

Cases cited in the following pages were obtained through the help of the Federal Bureau of Investigation, the United States Department of Justice, the Treasury Department law enforcement agencies, the Federal Trade Commission, the Office of Price Administration, and the Better Business Bureau, to whom acknowledgment is gratefully made for their kind co-operation in the preparation of this book.

In some instances the names of persons involved have been altered to spare them or their families needless embarrassment, but the basic elements of each case remain unaltered.

Appreciation is also expressed to Editorial Research Reports, of Washington, D.C., and to Mr. Joseph Paull for their valuable assistance in providing the authors with material pertaining to black markets and war brokers.

Digitized by Google Original from UNIVERSITY OF MICHIGAN

Digitized by Google
Original from
UNIVERSITY OF MICHIGAN

Wartime Racketeers

Digitized by Google
Original from
UNIVERSITY OF MICHIGAN

Digitized by Google
Original from
UNIVERSITY OF MICHIGAN

1. Hockshop Heroes

THE distinguished Army captain's chest blazed with ribbons which were eloquent and multi-colored witness to heroic service on a dozen fronts. His manner and bearing were those of one who had looked Death in the face on many occasions—and disdainfully spat in the Reaper's eye. His voice rose to an indignant roar as he neared the close of his lecture before a civilian defense group in Washington, D.C.

"Civilian apathy is appalling," he barked. "The home front is rotten with racketeering and indifference. Something will have to be done about it—and quickly!"

In the speaker's case, something was done when the FBI reached out for him. For the "captain" was just another of a host of military impostors spawned by the war, of whom 2,200 have been convicted since the summer of 1942 on charges of illegally wearing a United States uniform or impersonating an officer of the United States.

Pearl Harbor was a providential stroke of luck for the "captain," possessor of an imposing police record listing innumerable petty larcenies and swindles. The smoke was still pouring from the shattered hulks of our Pacific fleet when the "captain" emerged from a military outfitter's, resplendent in the uniform of the Army Air Forces, to embark upon a lecture tour which was to net him a handsome return in food, drink, and adulation and deluge his victims with worthless checks and unpaid bills. His career was short, but sweet while it lasted.

Not all military impostors are professional crooks who find the uniform an open-sesame to easy fleecing of the public. Deep-rooted frustrations and the same infantile impulses which prompt little boys to turn handsprings before little girls, or the supposedly irresistible allure of the uniform for the weaker sex, are often sufficient to convert meek, mild citizens into swaggering "veterans."

These misguided masqueraders may have no intent to defraud, but their imposture is no less serious for that reason. The discredit reflected on the services which they claim to represent, or the possibility of confidential military information falling into hands as

Digitized by Google Original from UNIVERSITY OF MICHIGAN

irresponsible as theirs, makes even playful impersonation a dangerous matter.

And the male of the species has no monopoly on these practices. Countless women have donned the garb of the WACS, WAVES, and other feminine military services for the same reasons as men.

The ease with which dishonest or unstable individuals may obtain uniforms for unauthorized use is due, in large part, to the readiness of military clothiers to sell to all and sundry having the price. Despite repeated warnings from the Army and Navy, very few military outfitters ask identification of their patrons.

Donald Smith, an enterprising young man who merged business and romance in the guise of an Army major, is a case in point. The gates of Welfare Island Prison in New York had hardly clanged shut behind Donald, when that worthy was making a beeline for a military clothing shop. Donald had no more trouble in acquiring his military trappings than if he had been buying a business suit. For good measure, pawnshops obligingly equipped him with an impressive array of campaign ribbons and decorations.

Magnificent in his newly acquired regalia, Donald had no difficulty in leaving impressionable maidens trembling and dreamy-eyed. A quartet of sisters whom he met by chance were so moved by his magnificent appearance and airs that he was invited to their home for dinner.

Donald worked fast, and before the evening was over, he had wooed and won a damsel in a whirlwind three-hour courtship. Donald painted a rose-tinted future for his somewhat dazed bride-to-be. A $35,000 home on Long Island, complete with servants and other appurtenances to gracious living, was among its more conservative items. Meanwhile, to plight their troth, he slipped a ring on her finger which he casually said had cost him "thousands." The ring was a five-and-dime store product.

On the following day, Donald called his fiancée and asked her for fifty dollars until funds arrived from his out-of-town bank. She gave him the money, and very, very shortly thereafter Donald and romance slipped away from her forever.

Three months later "Major Smith" turned up again, to lay siege to another New York belle. Two days of ardent wooing terminated in a proposal of marriage and $900 in the Major's money belt, extracted from the girl in much the same manner that had separated earlier victims from their cash. Abruptly called away on "urgent

Digitized by Google Original from UNIVERSITY OF MICHIGAN

War Department business," Donald reappeared in Washington to fall into the hands of the waiting FBI. He is now serving three years in a federal penitentiary for impersonation.

Impersonators rarely promote themselves above the rank of major because of the risk involved. Yet there are—or were—a few intrepid souls among them who nonchalantly sported the insignia of colonel and general. One of them was S. Sutherland Robinson, dapper, gray-haired insurance salesman from a small town in West Virginia.

Robinson, according to the FBI, reached Washington early in January, 1942, with a letter of introduction from General Hugh A. Drum which stated that Robinson had been an adjutant general in the West Virginia National Guard and wished to discuss problems relating to the United States Army with ranking officials. Moreover, he had other letters signed by Assistant Secretary of War Louis Johnson, Major General H. K. Rutherford, and Colonel William J. (Wild Bill) Donovan, which he flourished as his credentials. They were, as a matter of fact, nothing more than rejections of applications which he had submitted in the past for government positions.

Checking in at a swank hotel, Robinson called the War Department and demanded the Motor Pool.

"Hello, Motor Pool," he snapped. "This is General Robinson. I want a car to meet me in front of my hotel in fifteen minutes! Have it here on time—I'm scheduled to attend a staff conference at the Munitions Building!"

The dispatcher at the Motor Pool had never heard of General Robinson, nor could he find the name on the list of high ranking officers. But a general was a general, and Robinson was assured that the automobile would be at the designated spot on time.

Robinson busied himself during the intervening quarter of an hour with the help-wanted advertisements in a newspaper. One of them in particular caught his eye. A prominent insurance firm was seeking an "executive type," and Robinson decided that they need seek no further.

The car arrived on time, operated by a youthful corporal who leaped from the olive-drab Army limousine, saluted smartly, and swung the door open for Robinson.

"Your orders, sir?"

"I was supposed to have gone to a staff conference at the Munitions Building, but it has been postponed," said Robinson. "Mean-

Digitized by Google Original from UNIVERSITY OF MICHIGAN

while, there are some other matters to which I can attend. Drive me to the Colorado Building."

Arriving at his destination, Robinson ordered the corporal to wait for him, and marched briskly into the offices of the insurance company. There he explained to an awe-stricken manager that he was about to be retired from the Army because of an old back injury— "Got it at St. Mihiel in the last war, you know," he added, "and looking around for an executive job in civilian life."

"We'd be glad to have you, General," the manager replied. "However, this job pays only $3,500 a year," he added apologetically. "Would that interest you?"

"Not by a long shot!" roared Robinson, bristling with outraged dignity. "Not when I can get twice that for the asking! Good day, sir!"

Robinson spent the rest of the afternoon being driven from office to office at government expense, but met no firm ready to meet his demands for a minimum salary of $10,000 a year. Finally, satisfied that he could accomplish no more in the way of job hunting that afternoon, he instructed his chauffeur to drive him to the Munitions Building. Ordering the driver to meet him at the hotel the following morning, Robinson strode into the Munitions Building, haughtily acknowledging salutes on the way, tarried in the lobby until his car was safely out of sight, and returned to his hotel in a taxicab.

The Army limousine was at his door early the next day, and every day thereafter. For two weeks Robinson toured Washington in an official Army car in his quest for an executive job at a five-figure salary. Opportunities were abundant at lesser salaries, but Robinson's standards were high. Which was to be his undoing.

Someone at the Motor Pool, in the course of a routine check on Robinson's use of the automobile, became curious about missions which took the General to so many office buildings housing no military agencies. Soon after, Robinson's car pulled up to the hotel as usual, but it was two military policemen, and not his regular driver, who stepped smartly from the car to greet him and invite him to ride to the headquarters of the Military District of Washington. Fuming and threatening the MP's with court-martial, Robinson nevertheless rode.

Questioned later by FBI agents, Robinson naïvely attempted to justify his impersonation on the grounds that he had once been "a general in the West Virginia National Guard," and threatened his

Digitized by Google Original from UNIVERSITY OF MICHIGAN

interrogators with every kind of reprisal from nationally known figures whom he claimed as close friends. The G-men courteously heard him out, and continued their investigation.

Sentenced to serve from four months to a year and a day in prison for impersonation of an officer, Robinson's hauteur and arrogance departed. With new-found meekness he asked for another chance, to prove to the world that his thirst for military trappings had been slaked for good, and was given a suspended sentence by a lenient court.

Robinson's hoax was matched in audacity by Frank E. Allen, a Connecticut defense worker, in an impersonation which had no other objective than to permit its perpetrator to bask momentarily in glory. With greater modesty than Robinson, Allen was content to commission himself a lieutenant colonel in the Army Air Forces.

Appropriately attired in keeping with his rank, he announced to officials of a near-by war plant that the War Department had assigned him to study assembly-line production methods at the factory. A glib tongue and a smattering of technical terminology assuaged any doubts the company officials might have harbored, and "Lieutenant Colonel" Allen was assigned to the night shift.

Quiet, easy-going, and cheerful, Allen became one of the most popular men at the plant. It was this popularity which led to his downfall.

Workers at the factory had contributed $75,000 to purchase a fighter plane for the Army Air Forces. And who better than their friend "The Colonel" was fitted to preside over the presentation ceremonies?

Allen accepted the distinction with becoming humility. "I'll be glad to help out, fellows," he told the employees' delegation which approached him. "It will be a real privilege and honor."

A week later the committee on arrangements had an even more brilliant idea. Before the presentation ceremonies began, why not have that veteran pilot Colonel Frank Allen fly the fast fighter over the factory to show the boys what their money had bought?

Allen was on the spot. What flying time he boasted had been acquired in ten hours of piloting a slow trainer plane under the watchful eye and ready hand of a civilian airport instructor. He thought fast.

"I'll have to decline that honor, boys," he said firmly. "I'd love to

Digitized by Google Original from UNIVERSITY OF MICHIGAN

do it, but it's against regulations. Can't get around the old red tape, you know."

The men swallowed their disappointment. After all, Colonel Allen would still make the presentation.

Allen presided over the radio presentation which preceded actual delivery of the plane to the Army, in the full regalia of his rank. A day or so later, the city turned out en masse to witness the final presentation. Crowds filled the grandstands which had been erected for the occasion on the factory grounds. Bands paraded back and forth across the field and officialdom filed onto the speakers' platform as technicians put finishing touches to the public address system.

Allen's appearance was the signal for an enthusiastic, if somewhat astonished, ovation. Instead of the silver oak leaf of a lieutenant colonel, he sported the humbler insignia of a second lieutenant.

"Lot of junior officers around," he confided to committeemen. "Just want to put them at their ease, you know." As the applause died away, he began to speak.

For a few moments the smooth-tongued Allen did very well. He warmly praised the patriotism and loyalty of the plant workers in having contributed the plane and lauded company officials for their co-operation in the campaign. Had he continued on that theme, all might have been well, but caution left him as he warmed to his subject. His enthusiasm plunged him into a technical discussion of the plane's construction which left sagging jaws around him.

Stunned by Allen's self-imposed demotion and unconvinced by the reasons he had given for discarding a colonel's rank for a lieutenant's, a co-worker sped to a telephone when Allen's gibberish dispelled whatever doubts he might have retained. On the following morning Allen received callers—from the FBI. Under the questioning of the agents, he admitted that he was an impostor.

He made no effort to justify his impersonation. "It just made me feel good," he answered when asked what had prompted his masquerade. Because of his previous good record, Allen was given a suspended sentence of six months and placed on probation for two years.

Not so innocuous was a one-man blitz which struck the East in 1943 in the person of Warner J. MacFarlane, adventurer extraordinary. MacFarlane's motives were a curious blend of the mercenary and the puckish, and before the FBI could put a halt to his activity,

Digitized by Google Original from UNIVERSITY OF MICHIGAN

he had succeeded in delaying construction on a New Jersey Army canteen, thrown a civilian defense organization into utter confusion, played minor havoc with gasoline rationing, and cashed worthless checks almost as rapidly as he could make them out.

MacFarlane's debut as a soldier coincided with his appearance on the site of the canteen. Marching briskly over to the supervising engineer, he introduced himself as a major in the Engineers, and announced that henceforth construction of the canteen would be directed by himself, under orders from Washington.

"I'll save the Government money on this job if it's the last thing I do!" he bellowed to all within hearing. All within hearing were duly impressed. MacFarlane had a way with him.

During the next few months construction slowed to a virtual standstill as MacFarlane wrangled incessantly with the civilian engineers. Any objections they had to offer were silenced abruptly by MacFarlane's pulling his "rank" on them.

MacFarlane had requisitioned a comfortable house in the vicinity of the project for his headquarters and residence. Only one detail was lacking—the feminine touch—and the ingenious MacFarlane had a ready solution to that problem. A telegram to New York brought his sweetheart down on the double, to be placed on the Government payroll as secretary of the canteen service.

The canteen was finally completed, months behind schedule. MacFarlane did not mind. Army life as he was living it was pleasant, far too pleasant to be renounced so quickly. MacFarlane determined to stay on.

His one remaining problem was ready cash, but it was not to remain a problem for long. A worthless check for $1,675, backed by nothing more than the prestige of his uniform, bought him a shiny new automobile. The shiny new automobile carried him to Newark, where he disposed of the canteen's food concession for a paltry $600.

On his return to camp that night, MacFarlane found a new commanding officer in charge. Months of ordering engineers and construction workers around had given MacFarlane unlimited confidence in his ability to carry out his pretence, and he promptly challenged the CO's authority.

"I think you're an impostor. Let's see your credentials," MacFarlane snapped. When the infuriated officer countered with a de-

Digitized by Google Original from UNIVERSITY OF MICHIGAN

mand for MacFarlane's credentials, the latter realized that this time he had gone too far. He was literally booted off the reservation.

An ordinary mortal would have found cause for caution in such an experience, but MacFarlane was no ordinary mortal. If anything, it made him bolder and more daring then before, and without dalliance he made his appearance in northern New Jersey as a field representative of the War Department Area Engineer. Using official stationery, he addressed a letter to a New Jersey oil company, ordering it to disregard gasoline rationing until further notice and supply workmen on a near-by war construction project with as much fuel as they required, on presentation of an order signed by him. These orders were mimeographed and distributed by MacFarlane to the incredulous and grateful construction workers.

Nearly 3000 gallons of gasoline were distributed under the "MacFarlane Plan" before official skepticism made it advisable for him to seek new worlds to conquer. MacFarlane received not a penny in profit from his disruption of the local gasoline rationing. Apparently, the exercise of power and authority was sufficient to compensate him for the risks he ran.

His effrontery seemed to know no bounds. Doffing his uniform, he obtained a job as civilian security officer in charge of a police investigation of suspected subversive activities at an Army amphibian base under construction at Carrabelle, Florida. How he obtained the job is one of the unsolved mysteries of this war.

With characteristic impudence he ordered Carrabelle to black out its lights in the interests of national security. The lights went out, but went on again in Carrabelle when MacFarlane was discharged for exceeding his authority and for conduct unbecoming his high position, as witnessed by numerous unpaid bills.

By now the FBI was hard on MacFarlane's heels, and in a frantic bid for freedom he pointed his still shiny automobile north and sped toward New York. Disaster almost overtook him when he was halted by a motorcycle policeman near Richmond, Virginia, and charged with speeding, but MacFarlane's eloquence, enhanced by the fear that pursuit might overtake him at any minute, was equal to the occasion. When the officer signaled him to proceed a few minutes later, it was with the comradely gesture of one crime-buster for another. For MacFarlane was now falsely representing himself as a G-man on his way north to close a vitally important case.

Digitized by Google Original from UNIVERSITY OF MICHIGAN

But the net was closing around MacFarlane too swiftly for even his razor-sharp wits to evade. A month later FBI agents located him at a New Jersey tourist camp, where he was regaling respectful tourists with amazing tales of perilous and highly secret military missions to every part of the globe. His presence at the tourist camp, when his country must have been in dire need of his abilities, was accounted for by convalescence from the bite of a poisonous snake in Panama.

MacFarlane went on trial in June, 1942, and was sentenced by the United States Federal Court at Newark to three years' imprisonment and a $1,000 fine for violation of the impersonation statute. Later, he pleaded *nolo contendere* in Florida to charges of having impersonated an FBI employee. As a result, he received a sentence of three years, to run concurrently with the sentence which he had received in Newark, and will be on probation for five years after his release from prison.

Dr. Winfred Overholser, superintendent of St. Elizabeth's Hospital in Washington and one of the nation's foremost psychiatrists, attributes escapades such as the foregoing to a deep-rooted sense of inferiority on the part of the offender. In an attempt to give their egos the expression for which they hunger, says Dr. Overholser, persons of this type will run many risks for the pleasure of finding themselves in positions of relatively unquestioned authority.

Cases where the Army itself has been deceived by impostors for any length of time are virtually nonexistent, but one rare example was offered by Arthur Osborne Phillips, veteran confidence man turned surgeon, who not only managed to pull the wool over the War Department's eyes for a brief period during the emergency which preceded the outbreak of war, but even had the impudence to demand a commission of the Army after war had been declared.

Phillips had nurtured the impulse to wield a scalpel ever since World War I, when he served as a private in the Medical Corps under his namesake, Dr. James Herman Phillips; but the inordinate interest evinced in his movements by the police of several communities made his life far too peripatetic in the years following the Armistice for him to settle in any one place long enough to attend a medical school and obtain his degree in the conventional manner.

A visit to the home of the real Dr. Phillips in Nashville, Tennessee, was his first step in fulfilling his ambition. The doctor was ab-

Digitized by Google Original from UNIVERSITY OF MICHIGAN

sent when Phillips called, and he asked if he might wait. During his wait he made a careful examination of the doctor's diplomas.

Then, posing as Dr. Phillips, he informed the University of Tennessee Medical School that he had lost "the original diploma issued to me in 1916," and requested a duplicate. His knowledge of Dr. Phillips' background and other essential details was sufficient to convince the university officials that the request was a legitimate one, and shortly after, a duplicate diploma was mailed to him.

Thus armed, Phillips volunteered his services to the War Department as a surgeon and was assigned to a California CCC camp, where he approached the intricacies of his newly adopted profession with unbounded enthusiasm and astonishing skill. True, his diagnoses were marked by a single-mindedness which led him to read into every pain and ache the symptoms of appendicitis, but his subsequent excisions left nothing to be desired. In the year following his appointment as a surgeon "Dr. Phillips" deftly separated some thirty appendices from their owners, without ill effect to those most concerned. On one occasion Phillips' masterful removal of a ruptured, gangrenous appendix brought an offer of employment from the director of a west coast hospital, himself a surgeon of note.

Had Phillips limited himself to CCC appendectomies, he might still be presiding over an operating table today. It was a venture into private practice which nipped his novel career in the bud. An alert inspector of the California State Board of Medical Examiners, while on a routine check of pharmacy records in San Francisco, observed that Phillips was signing prescriptions with his initials, instead of with the full name required by law, and called on him professionally.

The inspector's suspicions were aroused still further by Phillips' obvious unwillingness to discuss the matter, but persistent questioning brought from Phillips an admission that he was practicing medicine without a license and had never seen the interior of a medical school.

Further investigation by the FBI revealed that Phillips had devoted himself to petty crime almost continuously since his discharge from the Army in 1919. Among the salient features of his record were an eighteen-months' sentence to Atlanta Federal Penitentiary in 1922 for impersonation of an Army officer; another prison term, three months after his release from Atlanta, in Allegheny County, Pennsylvania, for passing bad checks; a conviction in Baltimore in

Digitized by Google Original from UNIVERSITY OF MICHIGAN

1926 for defrauding hotels in that city; another conviction in 1934 for violation of the Harrison Narcotic Act; a sentence of a year and a day in the same year for violation of the Internal Revenue Act; another eighteen-months' sentence in Jessup, Maryland, for obtaining money under false pretenses; and conviction in Murphy, Idaho, for masquerading as a doctor.

The time spent in these institutions and others like them had been far from a total loss for the versatile Phillips. His war service in the Medical Corps normally led to his being assigned as orderly in prison hospitals, where observation helped him to perfect—mentally at least—the surgical techniques and abilities which he later was to display in California.

The Army was notified of Phillips' record, and checked its own files for further information. One item was a request from Phillips for a commission as a major in the regular army submitted after he had practiced several months in—or on—the CCC. On January 3, 1942, Phillips was sentenced to nine years' imprisonment after pleading guilty to charges of illegally practicing medicine and making false statements under oath to the Government.

Not all military fakers have been as ready as Phillips to risk the discomforts of life under the direct supervision of the Army. The majority prefer the more urbane surroundings of night clubs and café society, and the most sophisticated of cabaret sophisticates have often proven to be the most guileless of sacrifices to the inimitable, carefully cultivated charm of uniformed masqueraders. "Major William Belden," erstwhile truck driver and self-made man about town, showed how easy it sometimes could be.

"Major Belden," a man of many parts and many aliases, began life in Baltimore under the legitimate cognomen of Church—Karl William Church, to be exact. He abandoned his native city in 1923 and by easy stages reached New York, where he found employment as a truck driver.

Church and his truck parted company on the day following the attack on Pearl Harbor. "Every able-bodied man ought to be in uniform," he told his employer, "and I'll be in one before the day is out." Church was as good as his word, albeit his method of getting into uniform would hardly have earned him the approval of military recruiting services. A brief visit to a military clothing shop was all he needed to face the world as Captain Michael Sullivan, late of

Digitized by Google Original from UNIVERSITY OF MICHIGAN

Chennault's Flying Tigers in China, and now of the United States Army Air Forces.

Church's uniform magically unlocked the front doors of glamorous precincts to which he previously had access only through the tradesmen's entrances. He acquired fame among admiring debutantes and dowagers as a recklessly gay and altogether fascinating fellow, living, by his own modest admission, on borrowed time. His skill and daring in the Orient had sent seventeen Japanese planes crashing to earth in smoking ruins and all but cleared the skies over China of enemy raiders. Now that his country was in peril, Captain Sullivan had hastened back to the United States to serve as Washington might dispose.

"I know what the Japs are like," he told his enthralled listeners. "Now I'd like to sample the Nazis."

"Official business" took "Captain Sullivan" to Pittsburgh one day, and when he returned, it was with a charming spouse, a former airline hostess whom he had captivated and captured in a week of feverish courtship liberally garnished with recitals of breath-taking gallantry in the skies over Asia.

He spared no expense in making the honeymoon an unforgettable experience for himself and his lady. For weeks the most opulent hostelries and cocktail lounges in the metropolis were matched in opulence by the stalwart flier and his adoring bride. Money meant nothing to him, it seemed. And money meant nothing to him, in fact, for an ever-ready checkbook, backed—to the later anguish of takers—by nothing more negotiable than "The Captain's" charm and uniform, took care of all bills and expenses.

Love flew out of the hotel window one morning when the "Captain's" wife gave vent to long-suppressed curiosity. For some time she had been trying to reconcile her husband's official duties with the interminable hours which he spent in bars, from his leisurely awakening at high noon to daybreak the next morning. She began to ply him with more questions than were meet and proper. Church gave evasive answers for a while and finally informed her that he had been on leave pending orders from the War Department, which had arrived that very morning. He was to report to Washington immediately, he added, and would return with fuller explanations within a week. The affectionate kiss which he threw to her from his plane at La Guardia Airport was the last she was to see of him.

Church next appeared in Detroit, as the dashing "Captain Han-

Digitized by Google Original from UNIVERSITY OF MICHIGAN

son," and within three days had duplicated his Pittsburgh epic by sweeping a Detroit belle off her feet and to the altar. A brief and comparatively modest honeymoon in Chicago was interrupted by further "orders from Washington" instructing the intrepid flier to proceed to San Francisco, where he settled himself and his bride for a six-months' stay in an exclusive hotel.

Church quickly became a familiar figure in San Francisco's salons and night clubs, and no social gathering was complete without the romantic aura of his presence. To better conform to his status as a much-sought-after socialite, Church decided that a promotion was in order and began to lay the groundwork by casually informing his friends that his majority was in the making. Shortly afterward he swaggered into a popular night club with a shining gold oak leaf on each shoulder, to be lionized as never before.

As in the case of most military impostors, overconfidence was to be the cause of Church's downfall. A group of Army officers whom he had regaled with lurid tales of derring-do in China found some of the details a little too implausible to be swallowed readily and promptly notified their superiors, who turned the matter over to the FBI. Church was arrested in Bakersfield, California, en route from Los Angeles to Portland, Oregon. Following a confession of his impersonations and bad check operations, he was sentenced to serve two years in the Federal Prison Camp at Tucson, Arizona.

It fell to a man who had a perfect right to appear in uniform to perpetrate one of the most intriguing impersonations on the home front and turn the city of Danbury, Connecticut, topsy-turvy for a night, all in an attempt to cash a twenty-dollar check—and a bad check, at that.

Edward Robert Van Dover had been a private in good standing at Camp Alliance, Nebraska, until he decided to go AWOL in November, 1943. Van Dover departed Camp Alliance in a stolen army truck, abandoned it when he ran out of fuel, spontaneously requisitioned another from an Army camp near which he found himself, and eventually reached his home in Brooklyn, New York.

A few days late Van Dover, for reasons best known to himself, was heading north into New England. Near Danbury he stole an Army automobile, added chevrons to his sleeve, and drove directly to USO headquarters in the town.

"Staff Sergeant Edward Arthur, sir," he said, smartly saluting a USO official. "I'm the advance guard of a paratrooper convoy on

Digitized by Google Original from UNIVERSITY OF MICHIGAN

our way to Maine. There's a hundred of us, and the rest of the boys will be here in about an hour."

"That's fine," the official replied. "Anything we can do for you?"

"Yes, sir, I think so. We've been on the road all day and we're mighty tired. Do you think you folks could put us up for the night?"

"You bet!" was the enthusiastic response as the official reached for the telephone. Within an hour Danbury's leading citizens were assembled in the USO office, ready to uphold Danbury's well-deserved tradition of hospitality.

Arrangements were hastily made with the ration board for an emergency supply of points, that the boys might not lack the best of food. Cots were set up in the local armory, clubwomen began preparation of the meal which was to be served in the parish house, parking space was allocated for the convoy's vehicles, and barber shops were made ready to stay open long after regular hours for the convenience of the awaited guests. Over all the preparations hovered the beaming Van Dover, like a GI cherub.

When two hours had passed without signs of the convoy, Van Dover set off on a reconnaissance. In due time he reappeared in Danbury, and with a catch in his voice related that the convoy had been involved in a bad accident which had cost the lives of four soldiers and sent six others and the commanding officer to the hospital.

"I guess the boys will have to stay in bivouac overnight," he continued. "As a matter of fact, they were unloading the field kitchens when I left to come back to give you folks the news." He hesitated for a moment, then went on.

"The poor guys are feeling pretty low about what happened this evening. I wish I could get some cigarettes and magazines to take their minds off the accident."

Van Dover was instantly deluged with offers of all the tobacco and reading material he could use. "Why, every storekeeper in town will donate his stock," one good burgher declared, "and we'll be glad to carry it to the boys ourselves."

Van Dover hastily declined the offer. "We'd prefer not to have any civilians near the accident until the Army has completed its investigation," he informed his listeners. "And I know the boys wouldn't feel right about taking cigarettes and magazines for nothing after all the trouble you've been put to."

With the timing of a veteran actor, he paused for a moment.

Digitized by Google Original from UNIVERSITY OF MICHIGAN

"There is something you might be able to do, though. I've got a twenty-dollar check on me, and if somebody could cash it for me I'd buy the cigarettes and collect for them later."

The words were hardly out of his mouth when money was being tendered him from several directions. He accepted two ten-dollar bills from a citizen, endorsed a check for twenty dollars, made out to cash, which he extracted from his wallet, and drove off with a friendly wave to his benefactors. That was not the last which Danbury heard of him.

Early the next morning Van Dover telephoned USO headquarters in Danbury from a near-by village and reported that the circumstances surrounding the accident were peculiar. "The FBI is investigating and the Army hasn't released the news to the papers," he said. "You'd be doing us a great favor if you wouldn't say anything about the matter for the present." The puzzled USO officers agreed to ask Danburyites to co-operate.

Within a few days, when Van Dover's check was returned by a New York bank marked "No Account," Danbury began to suspect that it had been hoaxed. When further investigation revealed that no Army convoy had been anywhere near Danbury on the day of Van Dover's appearance, an interstate police alarm was broadcast for him. Van Dover was arrested by the FBI as he was about to enter Maine. Brought back to Nebraska under a complaint filed on January 22, 1944, he was indicted at Omaha on August 11, 1944, for the theft of government property and violation of the National Motor Vehicle Theft Act. On September 21, 1944, he pleaded guilty to the two charges brought against him, and was given sentences of two years on each count, to be served concurrently at the Federal Reformatory at El Reno, Oklahoma.

Among military impersonators thirty-six-year-old Orazio Lucenti, Brooklyn house painter, was unique. Where his contemporaries donned the uniform for pride or profit, Lucenti was motivated by a burning love.

Until Lucenti's eye chanced to fall upon the portrait of a scantily clad burlesque queen outside a New York theater in 1942, he had distinguished himself by nothing more than his industry and devotion to his wife and three children. From that moment, Lucenti was a changed man. Try as he might, he could not erase the image of the chorine from his mind.

When Lucenti left his Brooklyn home a few days later, it was not

Digitized by Google Original from UNIVERSITY OF MICHIGAN

to direct his steps to his paintpots and brushes, but to head the early-bird line at the burlesque theater graced by the object of his affections. Lucenti sat through five performances that day, and five performances every day thereafter, convincing himself with each successive showing that never was mortal woman born so fair as his amour. In desperation, he finally summoned courage enough to wait for her at the stage entrance. But he was not alone. To his anxious eyes it seemed that half the United States Army, Navy, and Marine Corps was there beside him.

The stage door opened to reveal his titian-haired goddess in all her ample magnificence. Lucenti, trembling with excitement, timidly approached to bask for an instant in the immediate splendor of her pulchritude. But the race was to the swift that evening. An agile Marine intervened between him and the deity, proffered an arm, and blithely bore her off.

To the frustrated house painter, a prey to bitterness and disappointment as he wended his melancholy way homeward to Brooklyn, it seemed that there could be but one explanation for his defeat —the uniform. As that conviction crystallized in his mind, his course became clear.

On the following day he abandoned home and family forever. A downtown clothing store sold him a GI uniform without other formality than a cash payment; and thus attired, Lucenti rented a room in a cheap lodging house, informing the proprietor that he was on furlough. Long before the curtain had rung down on the last grand finale of the evening, Lucenti was mingling with the soldierly throng at the stage door of the theater.

As the danseuse emerged from the theater, Lucenti marched briskly and confidently up to her and extended a khaki-clad arm. It was accepted, and for the next few weeks she was to be seen frequently and becomingly draped over that arm. Lucenti learned that his companion was a quiet home girl, who danced in burlesque only because it offered a more profitable livelihood than other occupations open to her.

Came the day when Lucenti, swelling with pride, pointed to the fresh corporal's stripes on his sleeve. "I've been promoted," he warbled. To celebrate the occasion, he was invited to dine with the danseuse and her family on the following Sunday. They were as favorably impressed with the affable "corporal" as was their daugh-

Digitized by Google Original from UNIVERSITY OF MICHIGAN

ter, and their admiration knew no bounds a few weeks later when a third stripe was added to the two which he already sported.

A few days before Christmas, 1942, Lucenti proposed to his pin-up girl and was promptly accepted. The wedding was an elaborate affair, and following a ten-day honeymoon, the couple took up residence with the bride's family.

Two months later, Lucenti made his appearance in an officer's uniform, complete with the golden bars of a second lieutenant. "I've been promoted again," he modestly announced.

Doubt and perplexity which the family had harbored for several weeks at military duties which seemed to give Lucenti unlimited time at home were crowned by this final, meteoric rise in rank. His sister-in-law made inquiry which served only to confirm her suspicions, and she finally reported them to the authorities.

Lucenti was taken into custody and on May 25, 1943, pleaded guilty to a charge of bigamy, the impersonation charge having been dropped by the Government because of the greater penalty carried by the bigamy count. His feeble defense that all he had done had been done in the name of love failed to sway the court, and he was sentenced to serve a term of three to ten years in prison.

2. The Meanest Men

THERE is a type of wartime racketeer so low in the human scale that even his partners in crime will shy away from him. For the most part his stock in trade is death and the anguish of the bereaved. A soldier killed in action is his key to profit. Lacking that, however, he is not without recourse, for he is capable of fabricating death when it serves his ends to do so.

Armed with a casualty list from a daily newspaper and the insensibility to human suffering of his ghoul-like nature, he preys upon the next of kin. His casualty list tells him where they are to be found. His hyenic instincts guide him from that point in capitalizing on the sorrow and fears and hopes of his victims in a score of ways.

One of the cruelest of his many cruel deceptions is the burial

Digitized by Google Original from UNIVERSITY OF MICHIGAN

swindle, successfully perpetrated in every part of the country. It is one of the easiest swindles to perform, for it usually finds its victims stunned by grief and incapable of defending themselves from the unscrupulous.

In April, 1943, Mrs. Elizabeth Lacey, a Boston housewife, answered the doorbell to find herself confronted by a grave-faced major. Cap in hand, the officer inquired whether she was the mother of Private Russell Lacey. With a tightening of the heart, Mrs. Lacey replied that she was, and invited the major to enter.

He cleared his throat nervously. "I'm afraid I have some bad news for you, Mrs. Lacey," he said.

"It's about Russell, isn't it?" she whispered.

The officer nodded. "I'm awfully sorry. I must inform you that your son was killed in action in Tunis."

As the color drained from his listener's face, the major laid a sympathetic hand over hers. "I know what a terrible shock it must be, Mrs. Lacey, but you must try to bear up. Your son died for a great cause." He hesitated for a moment.

"I know you would prefer to have your boy near you, if you could, instead of in some foreign land," he went on. "The War Department has made arrangements to bring our fallen heroes home, wherever possible, at a small cost. If there is anything we can do for you, please let us know." He rose from his seat, as if to go.

"Please, how much would it cost?" the bereaved mother asked.

"The War Department has estimated the cost of preparing the body for burial and bringing it home at a hundred dollars, and will contribute half that sum if the next of kin wish to contribute the balance," the major answered.

Mrs. Lacey rose unsteadily and excused herself for a moment. A few minutes later she returned with fifty dollars in small bills, which she tendered the officer. In an extremely businesslike fashion, he asked for a sheet of paper, made out a receipt and handed it to her.

"This will serve until we can send you an official receipt from Washington," he told her. "You should hear from us very shortly, ma'am." With a courteous farewell, he pocketed the money and left.

When a week had passed without the appearance of an official War Department notification of her son's death, Mrs. Lacey consulted her neighbors. Their recommendation was that she wire Washington immediately. A return telegram informed her that her son was alive and well and advised her to report the matter to the

Digitized by Google Original from UNIVERSITY OF MICHIGAN

police. At this writing the suave swindler is still at large, undoubtedly victimizing other grief-stricken parents as he victimized Mrs. Lacey.

As the tempo of war rises to a crescendo and casualties increase accordingly, these strange, subhuman exploiters of human suffering find a correspondingly greater outlet for their macabre talents. In typical cases such as Mrs. Lacey's the knowledge that injury or death to a serviceman or servicewoman is reported immediately by the War or Navy Department to the next of kin might serve to protect the latter from needless anguish and rout impostors who play so skillfully and profitably upon their grief. But in many instances even this knowledge is insufficient to forewarn potential victims, for an actual tragedy, irrefutably confirmed from official sources, often makes the swindler's story all the more convincing.

The War and Navy Departments have issued frequent warnings to the public that the armed forces never solicit money for hospital or funeral expenses. The FBI and other law enforcement agencies recommend extreme wariness where any request is made involving a transfer of money. Bearing theses admonitions in mind, the public can more readily protect itself and contribute to driving these loathsome traders in pain and death from the contemporary scene by making their operations so risky and profitless as to lose all their attractiveness.

But variations of this form of racketeering are so numerous that it is often difficult to detect their true nature in time. They are limited only by the resourcefulness of those who devise them, and that resourcefulness appears to be unbounded. Washington, D.C., was the scene of a typical example late in November, 1943.

An Army lieutenant strode into a large liquor store on Connecticut Avenue and announced himself to be the commanding officer of a former employee of the establishment, stationed at near-by Camp Lee.

"Glad to meet you, sir," said the manager. "And how is Elwin?"

"Not so good," was the answer. "That's why I'm here. I happened to come into town on business and thought I'd drop in to see you."

By this time all the employees had gathered around him. "What happened?" they asked.

"Something pretty tough. His father and mother were driving down to see him and smashed into a tree just outside Fredericksburg. Elwin was pretty broken up about it and some of the boys at

Digitized by Google Original from UNIVERSITY OF MICHIGAN

camp passed the hat for funeral expenses. We're still a little short and Elwin thought you boys might want to help out."

He looked around him expectantly. It was common knowledge in the store that Elwin's parents drove to Camp Lee as often as gasoline rationing permitted and that Elwin was extremely attached to them. A crumpled five-dollar bill was thrown on the counter. Other bills and change followed.

The lieutenant counted the money carefully. "Thirty-eight dollars, gentlemen. That's going to be quite a help. I'll see that Elwin gets this as soon as I reach camp this evening. Thanks very much." As he reached the door, the lieutenant halted. "You might want to write Elwin. It will mean a lot to him."

Two weeks later the door swung open to admit Elwin, apparently in the best of spirits.

"We were awfully sorry to hear about your mother and dad," remarked one of the clerks.

"My mother and dad?" was the puzzled rejoinder. "What about them? I've just left them, and they looked all right to me."

Explanations followed, and ended with a telephone call to the local field office of the FBI. Acting on information supplied them by the employees, agents arrested thirty-one-year-old Sidney J. Person. The impostor was sentenced to a term of six to eighteen months for impersonation.

Not all gypsters are successful, particularly where their intended victims are well informed and on the alert. The wide-awake garage owner in a small middle western town almost proved the nemesis of one picayune racketeer whose preliminary research had been somewhat spotty.

Following an oft-tried and proven formula, the sharper drove into town, purchased a local newspaper, and selected a name at random from the casualty list. A brother was listed as next of kin, described by the newspaper as the proprietor of a local garage, and there the trickster made his way.

"I am a representative of the War Department," he began, "and have been instructed to give you any help you may need in arranging for the burial of your brother." His voice trailed off as he observed the other's reaction.

"Listen, mister," the garage man shot back at him. "You're the third representative of the War Department who's been here in the past couple of days. If you're getting your dope from that paper,

Digitized by Google Original from UNIVERSITY OF MICHIGAN

take another look and you'll see it's a weekly. When it came out last week, my brother was supposed to be dead, but I had another wire from Washington telling me he's O.K. Now, get moving, buddy—fast!"

As the mechanic's hand reached toward a wrench, the visitor made a rapid exit through the door, leaped into his car, and disappeared in the traditional cloud of dust. But only an incurable optimist would assume that isolated chastenings such as these are sufficient to halt the confidence man in his wartime operations. He reckons with failure and possible arrest as routine hazards in every one of his ventures, and until the public is so generally informed of his methods that easy pickings disappear, he will continue to fleece a score of victims for each one who proves too alert for him.

A modification of the burial fund scheme, but equaling it in ghoulishness, is the lucrative unpaid-bill racket. With the inevitable casualty list, an inexpensive letterhead bearing the imprint of some nonexistent collection agency, and a mailing address or post office box, the swindler is in a position to enrich himself quickly with a minimum of effort until the moment arrives in which his activities begin to attract an excess of attention from the authorities. Comes that moment, he has only to adopt a different letterhead and mailing address to begin operations anew.

The unpaid-bill racketeer plays upon the universal desire of humanity to keep its dead beyond reproach. Conning the brief biographical sketches which are part of casualty lists in many newspapers, he familiarizes himself, whenever possible, with the background and hobbies of each man listed as dead, and sends off a letter to the dead man requesting "long overdue" payment for whatever fictitious purchases or services seem most appropriate to the individual case.

If the fallen serviceman, for example, is known to have been an athlete, the typical fraudulent letter will contain a reference to track shoes, boxing gloves, tennis balls, or some other piece of equipment not likely to be recalled immediately by members of the dead man's family. Whatever the vocation or avocation of the deceased, the fertile mind of the confidence man will contrive a suitable and convincing letter.

As a rule, members of the dead man's family will open the letter when it arrives. Confronted with an apparently unpaid bill and anxious to leave no blemish on their fallen son's memory, they will

Digitized by Google Original from UNIVERSITY OF MICHIGAN

remit payment without question. Only in rare cases does the collection racketeer slip up, and even then the ease with which he can shed one enterprise and replace it with another, under an entirely different name and at an entirely different locale, makes detection difficult. Nevertheless, no one need be victimized by this type of gypster who is willing to lay the facts before the nearest Better Business Bureau before remitting payment.

Another frequent snare for those whom grief has put off their guard is the oil painting fraud, or its counterpart, the book fraud. These are practiced on such a broad scale and with such success that they are worthy of more than passing attention, particularly since they are on the increase.

The pattern of a typical swindle of this order was revealed to New York police early in 1943 when Alfred Sterner, the owner of a small grocery store, appeared at headquarters and related how he and his wife had been victimized.

Three months before, the Sterners had received official confirmation from the Navy Department of the death of their son, Eddie, in aerial combat over the Pacific. The news came as a sledge-hammer blow to the couple. Eddie had been their only child and had barely graduated from high school when he enlisted in the Navy.

About two weeks later, Mr. Sterner drew an impressive-looking envelope, addressed to his wife, from the mailbox. The postmark indicated it was from Chicago, and the letter which it contained was persuasively written.

"Dear Madam," it read, "We have noted in a New York newspaper that your son has been killed in action. Please permit us to express our heartfelt sorrow at the loss of this brave young man.

"We believe that a suggestion we have to make will prove welcome to you at this time. If you have a snapshot of your son, taken alone or with you, send it to us. Using it as a model we will have one of our expert artists paint a life-size oil portrait of your son which will be a lasting tribute to him and serve to keep his memory always fresh in the hearts of his friends and loved ones."

At this point, the tone of the letter became briskly businesslike.

"The cost of the painting," it went on, "mounted in a handsome gilt frame will only be thirty-five dollars. If you will merely fill out the enclosed order form and return it to us immediately, enclosing cash or money order, we can guarantee delivery of the painting within two weeks."

Digitized by Google Original from UNIVERSITY OF MICHIGAN

The Sterners discussed the matter until late that night. They were far from being prosperous, but the opportunity to perpetuate the memory of their son with an expertly done painting found a responsive chord in their hearts. They selected a favorite snapshot of Eddie and mailed it to the company with a money order.

Ten days later they received a postcard acknowledging the receipt of photograph and remittance. "Because of the heavy demand for our service," the postcard added, "we are unable to complete the portrait of your son within the time specified. However, you will receive it shortly."

As the weeks went by with no sign of the portrait, the Sterners became increasingly uneasy. Repeated requests for the return of snapshot and remittance went unanswered. Finally, as they were on the point of giving up further hope of hearing from the company, a letter reached them. It read:

"We know you are wondering why your portrait has not been delivered so far. A nationally known artist who happened to be visiting our studios saw the photograph of your son and was so impressed by it that he insisted on being given the privilege of finishing the portrait which you had ordered.

"We are not at liberty to divulge this noted painter's name, but feel sure that you would recognize it instantly if told to you. Because of his prominence and the high fees he commands for his work, however, we are unable to offer a portrait done by him for the thirty-five dollars originally stipulated, and find it necessary to ask you to remit an additional twenty-five dollars before we can send the portrait.

"The painting which this famous artist has done of your son is a real masterpiece and worth every penny which we are obliged to ask for it."

Again the couple hesitated. "I don't like this," said Mr. Sterner, "but I guess it's the only way to get the picture." The money was mailed, and two weeks elapsed before another letter was received from the firm. This time, "unforeseen rises in production costs" made another twenty-five dollars necessary. It began to dawn upon the Sterners that they were being taken for a ride.

Their dismay was greater at the possible loss of the snapshot of their son than at the knowledge that they had been swindled of sixty dollars. The money might be charged off to sad experience, but the photograph was a favorite with them, and the only copy

Digitized by Google Original from UNIVERSITY OF MICHIGAN

in their possession. In desperation, they wrote to the company, asking for the return of the photograph. The firm had other ideas, and expressed them in another letter.

"We cannot return the photograph until the full amount we ask has been paid," it informed them. "Upon receipt of the twenty-five dollars requested in our last letter we shall send you both the photograph and oil painting of your son." The implication was clear. No remittance—no photograph.

Mrs. Sterner was for reporting the matter to the police at once, but her husband demurred. "If we do, we'll just antagonize the company and never see Eddie's picture again. Let's take a chance and send them the money."

Sensing from long experience that the Sterners had reached the limits of their gullibility, the company fulfilled its share of the bargain. A week later a bulky package was delivered to the Sterners. "It's from the company," cried Mrs. Sterner. "Maybe we were wrong to call them a bunch of crooks."

They tore off the wrappings with eager fingers. The snapshot was there, ink-stained, crumpled, and torn from handling. The oil painting was there, too.

The Sterners gazed at it with growing indignation. Before them stood a crude, water color enlargement of the photograph, so ineptly done that only by an extreme stretch of the imagination could any resemblance to the original be discerned. As Mr. Sterner turned the mutilated photograph of his son over and over with trembling hands, his face grew dark with anger. "I've had enough of this. I'm going to the police," he said, reaching for his hat.

Because the fraud had been perpetrated through the mails, it came under the jurisdiction of the FBI and post-office inspectors. A round-the-clock vigil was kept at the Chicago post-office box listed as the mailing address of the company, and it was not long before the patience of the agents was rewarded. Two men approached the box, opened it, and extracted about fifty letters. The agents were upon them before they could transfer the letters to a large leather brief case which one of the swindlers carried.

On inspection, every one of the letters was found to contain either a remittance and order for an "oil painting," or a complaint at nondelivery of the portrait. The men protested that they were conducting a legitimate business, and pointed to a Chicago telephone book listing as evidence of their business integrity. A federal grand

Digitized by Google Original from UNIVERSITY OF MICHIGAN

jury thought otherwise, and after hearing testimony to the effect that the pair had swindled literally hundreds of persons just as they had victimized the Sterners, indicted them for using the mails to defraud.

Simultaneously with their indictment it was revealed by the Better Business Bureau that a somewhat similar fraud likewise was operating through the mails. Parents of servicemen killed in action receive a letter informing them that their sons have been posthumously decorated for gallantry, and that the record of their heroism is to be perpetuated forever in a commemorative book on outstanding war heroes. The book is modestly priced at ten dollars.

Most parents react eagerly to the opportunity to have their son's deeds of valor inscribed forever in the "handsome, hand-illuminated, leather-bound volume" described in the come-on letter. Where a book is sent at all, it is most frequently a cheap, shoddy collection of newspaper clippings on dead servicemen.

A curious phenomenon of war, according to sociologists, is the sudden upsurge of interest in spiritualism, astrology, numerology, and similar "sciences." Perhaps they fatten on the bewilderment and confusion of the individual at finding himself abruptly torn from the familiar and relatively placid patterns of peace and plunged into the unwonted stresses and strains of life in wartime. Whatever the explanation, the ubiquitous racketeer has not been slow to convert ectoplasm into hard cash.

Since Pearl Harbor, the country has witnessed a fantastic mushrooming of crystal-gazing seers with a direct line to the afterworld. In all cases experience has shown that the vision of these gifted visionaries extends no farther than the contents of their client's purse; but the client's purse today offers broader horizons than ever before.

Of especial interest to the Johnny-come-lately clairvoyant are the relatives of servicemen killed in action. Shaken by grief and desperation, their normal skepticism leaves them when an opportunity is presented, no matter how fantastic, to communicate with their loved ones in the Great Beyond. The swindler and cheat has only to apply the powers of observation and shrewd insight into the reactions of others which experience has given him—or her—to determine what approach is best adapted to the kind of wishful thinking with which he is confronted for the moment. If the job is cleverly done, nothing more is needed. The victims themselves will spread the news

Digitized by Google Original from UNIVERSITY OF MICHIGAN

by word of mouth with greater speed and convincingness than by any other means at the gypster's disposal.

"Have you visited Madame Gypo?" an enthusiastic customer will ask a friend. "She's positively uncanny!" And Madame Gypo has another patron.

Using shopworn, moth-eaten tricks and illusions which have been exposed innumerable times, the self-ordained spiritualists mulct credulous citizens of sums ranging from ten dollars upward by persuading them that they have established communication with the dead. The unquestioning faith of many of their clients seems to be unlimited. One medium cleared a small fortune by claiming to have established contact with a ghostly serviceman's organization beyond the grave and offering to forward all and sundry communications from this world to its headquarters—for the usual fee.

Mass séances have been held in larger cities with as many as four thousand believers packing an auditorium at one time and thousands of others overflowing into adjacent streets. Appointments for the smaller séances must be made weeks in advance, and as casualty lists grow longer, the waiting lists increase correspondingly. Despite repeated exposés of the trickery and fictions resorted to by mediums and clairvoyants, money continues to pour into their pockets in an apparently endless torrent.

Theirs is perhaps the safest and most foolproof racket extant. No one can prove fraud, because there is simply no way of proving fraud. And even if there were, it would be difficult to find a complainant. Clients of mediums and seers and clairvoyants rarely will admit that they have been hoodwinked, even to themselves. The illusion that they have had converse with a departed brother, son, or sweetheart is too dear—in more ways than one—to be surrendered so easily. The racketeer in spiritualism need cope with nothing more formidable than the scorn of intelligent, well-balanced citizens, and his thick skin is ample protection against that.

Perhaps the most variegated of grave-robbing rackets are those in which an "old friend" of a serviceman, living or dead, fastens on the latter's family until he has bled it dry. This racket has so many variations that it would be impossible to list more than a tithe of them, but a few illustrations of typical swindles of this kind may serve to highlight the broad outlines of all of them.

The confidence man turned "old friend" trades on the eagerness of servicemen's relatives to learn something at first hand of their

Digitized by Google Original from UNIVERSITY OF MICHIGAN

men overseas. Friendship with a man known to be dead is, of course, the safest and ordinarily the most profitable fiction, but an acquaintanceship claimed with a living serviceman will meet the petty criminal's needs just as well—provided the soldier or sailor or Marine or flier is sufficiently remote from the scene to make exposure and arrest improbable.

A certain gypster of this species, gifted by Nature with frank, open countenance, guileless blue eyes and ready, ingenuous smile, fattened on the bounty and good will of servicemen's families in Connecticut and Massachusetts for several months before he ran into the arms of the law. Posing as a disabled veteran, he worked the territory with a story which varied only in minor details, depending on the service and whereabouts of the serviceman whose family he intended to victimize.

With a disarmingly wistful smile and an ever so slight limp he would descend upon his victims. Were they the father and mother of Georgie Simms, who was with the Marines at Tarawa? The infantry at Cassino? The Navy in the Pacific?

"Well, I was Georgie's buddy, ma'am. He told me to look you up if I ever came through here. He was the best buddy any man could have had. I had him in my arms when he died."

That introduction was always good for an eager invitation to enter. For hours the impostor would describe to the silent parents the manner in which their son had died, his last words, minute details of his friendship with their son. Suddenly he would rise. "I guess I'd better be moving along now. I've got to find some place to sleep. . . ."

With feigned hesitation and embarrassment he would finally accede to his hosts' insistent invitation that he spend the night with them, often occupying the bed of the very soldier whose memory he was exploiting. The overnight stop stretched into days and weeks as he wormed his way into the affections of his benefactors and became a "second son" to them. Eventually he would move on, after reluctantly accepting the "loan" which his benefactors invariably pressed upon him.

The bogus veteran came to grief when cupidity overcame caution and he took to carrying off more than loans and gifts from the homes of those who had befriended him. He was arrested in Massachusetts and sentenced to serve a term in a state penitentiary for larceny.

Digitized by Google Original from UNIVERSITY OF MICHIGAN

The majority of "old friends" are unwilling to waste precious time as honored guests of a "buddy's" family when opportunities for quicker pickings are so abundant. A hackneyed, but ever profitable, version of the "old friend" racket terminates in the passing of bad checks. One such case on record touches the bottom of human depravity for sheer cruelty and callousness.

The wife and mother of a Navy flier listed as missing in action were visited recently by a distinguished, gray-haired man who identified himself as a retired lieutenant commander, lately returned from overseas.

"I have some splendid news for you," he informed them. "Alex is still alive." Pressed for further details, he continued:

"I saw him about a month ago in a British hospital and he was coming along fine. He should be coming home soon to convalesce."

Questioned as to how the flier could be in an English hospital when he had been reported missing several months before, the visitor calmly answered:

"It seems his plane was shot down near the French coast while he was on patrol. The Germans fished him out of the water and took him to a French hospital. Our people found him there when they captured the town five weeks ago. You should get an official confirmation from the Navy Department any day now. Sometimes things get held up in the general confusion."

After remaining for dinner, the "Commander" prepared to take his leave. "By the way, folks," he said casually, "I'm in a rather embarrassing position. I just got into town this afternoon, and the banks are closed. Do you think you could cash a small check for me to tide me over until I can get to the bank tomorrow?"

Grateful for the news he had brought them, they readily assented. Their guest produced a check for fifty dollars and left with the equivalent in cash and his hostesses' best wishes. When the check was returned a week later with a notation that it was worthless, any illusions they had entertained as to the safety of a son and husband were dashed. They realized that they had been the victims of a cruel hoax.

In recent months federal and local authorities in widely scattered communities have learned of new attempts to separate the unsuspecting from their cash by telephoned or telegraphed requests, purportedly on behalf of soldier or sailor members of the family, for emergency funds.

Digitized by Google Original from UNIVERSITY OF MICHIGAN

The sister of a Texas artillery private received a collect telephone call from Washington, D.C., from an individual who claimed to be a friend of her brother.

"Dick has been back in the States for about three weeks now," he informed her. "He's been getting some special medical treatment at Walter Reed Hospital and he's about all right now. He asked me to call you and say he might be getting a two-week furlough soon."

With the groundwork laid, the swindler proceeded to the second and final step in his plan. Later that afternoon the sister received a collect telegram, signed with her brother's name, telling her that his furlough would begin on the following day and asking her to wire fifty dollars for transportation home. She immediately sent the money. Her worry at her brother's failure to appear ironically ended a few days afterward with a letter from him—postmarked at an Army post office overseas—in which he spoke of a possible furlough in the United States under the Army's newly adopted rotation plan.

The mother of another serviceman was similarly swindled when she received a telegram apparently signed by her son, stating that he was sick and in need of money. Frantic, she wired fifty dollars as instructed and followed with another remittance for fifty dollars a week later when a second telegram was received in the same vein. As in the case of the Texas girl, she realized that she had been hoodwinked when a letter arrived from her son informing her that he was in good health and at a camp many miles from the source of the telegrams.

A St. Louis father was more alert. He suspected that something was amiss when his son, presumably in boot camp at Quantico, Virginia, wired for cash from a small town in Alabama. A telephone call to Quantico and a brief conversation with his son resulted in another telephone call to the FBI field office. The would-be shearer of lambs was arrested as he sat in the Alabama telegraph office, confidently awaiting the remittance from St. Louis.

Threats are often the wedge which will pry open the public's purse. One twenty-nine-year-old merchant seaman found a lucrative field in sailors' families by posing as a government naval inspector and demanding that relatives make good damages to naval equipment which he asserted had been committed by the sailor member of the family.

A Philadelphia mother paid him seventy-five dollars to repair a compass which he claimed her son had smashed while intoxicated.

Digitized by Google Original from UNIVERSITY OF MICHIGAN

"If the damage isn't made good, he'll be court-martialed," was his persuasive argument.

In West Virginia a nineteen-year-old youth dressed himself in a shore patrolman's uniform and told the grandmother of a sailor that the latter had been arrested for being absent without leave. For seventy-five dollars, he intimated, he would see to it that her grandson returned to his base voluntarily and with some plausible explanation for his absence.

If the money were not forthcoming, there could be but one alternative, she was told. Her grandson would be returned to his base handcuffed and under guard, with all the attendant disgrace. Suspecting a hoax, the woman asked the youth to return on the following day for the money, and notified the authorities. He was arrested when he appeared to collect the money.

Prisoners of war, also, have served as a springboard for confidence men intent on turning human misery into ready cash. A dapper little gentleman with a charming Teutonic accent who prowled the East in 1943 might be taken as a prototype.

A mother whose son had been reported a prisoner of war in Germany was his first—and only—victim. A mysterious telephone call in the early hours of the dawn brought a hoarse whisper to her ears. It described its owner as a member of the anti-Nazi underground in Germany and hinted at news of her son.

"I will attempt to see you tomorrow evening at eight," it hissed over the wire. "Be sure that you are alone and tell no one that I am coming. You must trust me." A click indicated that the conversation was at an end.

Promptly at eight the next evening three cautious raps on the door gave notice that the mysterious caller had arrived. He gave a sharp glance around the room as he entered and quickly crossed to the windows, rapidly surveying the street below. "My life is in constant danger," he announced in a duplicate of the whisper which had introduced him the morning before. "Gestapo agents are everywhere, and they will kill me like this"—a snap of the fingers—"if they find me."

Pathetically eager to receive news of her son, the mother begged him to come to the point. "I haven't had any word of him since the War Department told me he had been taken prisoner," she added.

The tension left her visitor's face and was replaced by a kindly smile. "Your boy is quite safe," he reassured her. "Our organization

Digitized by Google Original from UNIVERSITY OF MICHIGAN

helped him to escape from the internment camp and will smuggle him out of Germany just as we have smuggled many other brave enemies of fascism from the Reich. But it is not an easy thing to do. A man must be bought here, and a man must be bribed there if we are to save your boy. We need money to get him out of Germany and safely across to England."

Apologetically, she asked for some identification. "I just want to be sure, you know," she told him.

"But of course," came the ready reply as the visitor produced an array of documents in German. "One cannot be too careful."

The documents were meaningless to the mother but were impressive enough to allay many of her misgivings. Together with her anxiety to believe that her son was safe, they convinced her that her visitor was speaking the truth. "How much would you need?" she inquired.

"About two hundred dollars," he quickly replied. "We lose so much in the exchange."

Arrangements were made for the mother to withdraw the money from the bank on the following morning and turn it over to him when he called later in the day. With a parting admonition that no mention was to be made to anyone of his visit, he melted into the semidarkness of the stairway.

Two months passed before the victim's suspicions led her to communicate the incident to the War Department. The reply informed her that her son was still a prisoner of war and suggested that she report the matter to the FBI.

The natty little "fugitive from the Gestapo" came to disaster when he attempted to repeat the ruse on another victim. Skeptical of his story, she told him she would have the money on hand when he returned on the following day, and promptly notified the police. Two detectives took him into custody when he appeared and hustled him off to what was to be a lengthy prison sentence.

Another racket along these lines was revealed when the Federal Communications Commission took action against amateur radio operators who were intercepting enemy short-wave broadcasts containing information on American prisoners of war, and relaying the information to relatives of the prisoners for a substantial fee.

The operators selected only families living in their vicinity, and found few of them unwilling to pay the twenty-five dollars normally asked for news of their men in German or Japanese prison

Digitized by Google Original from UNIVERSITY OF MICHIGAN

camps. In most cases, by dispensing with the careful check of enemy broadcast authenticity made by the commission before releasing information thus obtained, the amateurs were able to provide anxious relatives with news of prisoners days before it became available through official channels. It mattered little to them that it was garbled, incomplete, and inaccurate.

The commission quickly halted these activities by suspending the licenses of offending operators and making them liable to prosecution for the unauthorized publication of confidential information.

At least one example of traffic in human misery, with the American public as victim, was traced to Axis racketeers instead of the no less contemptible variety in this country. Operating in Switzerland, its originators had two approaches: they would offer to supply information on Americans stranded in war zones at the outbreak of hostilities or on the relatives of Americans of European origin; or they would threaten to turn fugitives from the Nazis living in Switzerland over to Gestapo agents unless a ransom, often running well into four figures, was forthcoming immediately.

Unknown to those solicited, the scheme was an attempt on the part of enemy agents to acquire new dollar-exchange for the Axis. The Foreign Funds Control Division of the Treasury Department effectively blocked the racket by placing the seven men engaged in it on its black list. Neverthleless, an occasional letter from Europe indicates that this type of fraud is still being practiced from the Old World.

3. Pedagogues in Poolrooms

WITH a versatility which a chameleon might envy, the confidence man has donned cap and gown, moved the little red schoolhouse into the corner pool parlor, and muscled in on education for the duration.

The tremendous wartime expansion of government and industry has made it worth while for him to do so. On the one hand, defense plants and official agencies clamor wildly for trained personnel. On the other, hundreds of thousands of men and women are constantly

Digitized by Google Original from UNIVERSITY OF MICHIGAN

seeking new ways and means of bettering themselves and their fortunes. The swindler-turned-savant cheerfully guarantees to bring both groups together with a minimum of time and effort—and nets himself a handsome income in the process.

Almost overnight a rash of poolroom "academies," "institutes," and "schools" has broken out in every part of the country, ready to transform anyone able to walk and talk into a skilled technician or civil servant and place him in a lucrative job in almost nothing flat.

Frequently these fly-by-night centers of higher learning add insult to injury by calmly borrowing the names of long-established, reputable private schools or assuming high-sounding and misleading names which imply a connection with the Government or with well-known industries. The obvious inference is that students can count on thorough preparation in their chosen specialties and an open door to immediate employment. One such institution was a school which wove the magic of "Washington" into its name, even though it was located in Baltimore, Maryland, and flourished briefly and magnificently until the Federal Trade Commission stepped into the scene and ended its career of academic banditry.

The Washington Civilian Institute harvested prospects by a simple expedient—bombarding high school and college graduates with postcards inviting inquiry on civil service requirements and opportunities. Whoever rose to the bait by asking for more details was visited shortly after by a dignified representative of the institute.

That worthy commonly implied that he was an official of the Civil Service Commission or United States Employment Service, assigned to co-ordinate the school's activities with personnel needs of government and industry. The purpose of his call, he would add, was to save the applicant possible disappointment by checking beforehand his eligibility for civil service examinations and admission to the school.

"We can accept only desirable and conscientious applicants with the proper educational background at Washington Civilian Institute," he would inform the awe-stricken victims pompously. "The Government insists on the cream of the crop."

Whatever the qualifications of the individual, they were given a uniform welcome. "Splendid! You meet every one of our prerequisites! You may enroll at any time you wish."

Any hesitation on the part of the prospect was dispelled by as-

Digitized by Google Original from UNIVERSITY OF MICHIGAN

surances that graduation from the institute meant automatic federal employment and rapid advancement. With the sacrifice thus prepared for the slaughter, the cheat proceeded to the business of the day.

"Unfortunately," he would continue, "we shall not be in a position to provide these courses free of charge until Congress approves an appropriation for that purpose. We understand that will be soon, but until Government funds are available, we are forced to ask a nominal fee of applicants. This, of course, will be refunded as soon as our appropriation is passed."

The "nominal fee" began at one hundred dollars but dwindled in proportion to the prospect's sales resistance until, more often than not, it dropped to a low of ten dollars. In return for enrollment fees, students received an irregular series of mimeographed plagiarisms of technical manuals selling in most bookstores for a dollar or so.

The Federal Trade Commission moved to halt the institute's depredations after numerous complaints from victims had shown gross misrepresentation. "I learned nothing from the courses that I hadn't learned in high school," one disgruntled student complained to the authorities. Another complained: "When I completed the course, I took my diploma to the Civil Service Commission and asked them when I could begin work. They just looked at me as if I was crazy."

The Civil Service Commission immediately published a warning for the benefit of others who might be swayed by the blandishments and promises of taproom academies. "The Government has no connection whatsoever with any organization which purports to train workers for Civil Service positions," the agency declared. Nevertheless, its files swell daily with new complaints from persons victimized by racketeering defense schools.

One institution in the Middle West attracted correspondence students to its civil service cram courses by hinting at foreknowledge of the contents of approaching tests. A sample of the nonsense students received in return for fat tuition charges was this admonition to candidates preparing for one examination: "Answer all even-numbered questions 'yes,' and all odd-numbered questions 'no.' "

Complaints revealed other schools, while still operating within the letter of the law, to be robbing ambitious young men and women of hundreds of thousands of dollars through courses of study so lacking in substance as to be worthless to the recipients. A custom of self-styled "radio institutes" was to promise potential draftees a

Digitized by Google Original from UNIVERSITY OF MICHIGAN

streamlined course of instruction which would reduce the standard six-months' training course of reputable radio schools to a mere three weeks, and aid them to qualify for technicians' ratings shortly after induction. The prevailing charge for this "revolutionary method" was one hundred dollars.

Men taking the course found that it fell far short of fitting them for technical grades in the Army and Navy. Threats of prosecution drove many of the gyp schools out of existence, but the majority of them continue, narrowly evading the fraud laws by giving their students some return—even though it may be so much worthless paper—on money collected for tuition.

One of the most successful ventures undertaken by confidence men—from their point of view at least—and brought to an end by the FBI, was the Modern Shipbuilding School at Long Beach, California. Its campus was a dingy, draughty, unheated room in a cheap hotel, rented for thirty dollars a month. Its faculty was composed of Wylie Fulton Moffett, Ocla Bernard Bartlett, Charles William Held, and Raymond K. Palmer, four impecunious gentlemen who knew Opportunity when it knocked, and sundry academically minded alcoholics recruited from local talent in the local bars.

Stretching their shoestring almost to the snapping point, Moffett, Bartlett, Held, and Palmer began operations in the winter of 1942 by flooding the West Coast with handouts announcing the opening of their academy and "a basic education in the techniques of ship construction" available to all comers for the insignificant sum of $150.

As added inducements to the public they offered free placement services to graduates and the deferment from military service carried by such essential activities as shipbuilding.

The school's curriculum was sketchy and haphazard, and the habits and pedagogical methods of its faculty were picturesque and unconventional. "Classrooms" littered with cigarette butts and empty liquor bottles gave mute and noisome testimony to "faculty meetings" convoked every evening and held into the small hours of the following morning. "Professors" appeared at their lectures only when weather or boredom left nothing better to do. Instruction was symbolized by a grimy professorial finger moving vaguely over blueprints and drawings and an incoherent mumbling of gibberish calculated to leave any student too confused, bewildered, and im-

Digitized by Google Original from UNIVERSITY OF MICHIGAN

pressed to incommode the instructor with embarrassing questions or discussion.

When an irreducible minimum of so-called training had been imparted to the unfortunate student, the school's employment service went briskly into action. At a time when California shipyards had a dozen openings for every applicant, it was not difficult to run up a consistently impressive record of graduate placements, with faked vocational-training certificates attesting students' uniformly high grades and weeks of nonexistent training.

Unfortunately, the subsequent mortality among Modern Shipbuilding School graduates was appalling. Shipbuilders were desperate for men, but not so desperate that they could afford to entrust expensive tools and delicate construction details to amateurs and bunglers whose ignorance of shipbuilding had been accentuated by the unorthodox teachings of Messrs. Moffett, Bartlett, Held, and Palmer. Few of the school's diploma holders lasted longer than a week on their new careers. The majority lasted no more than a day before abrupt dismissal or simple manual labor overtook them.

One Long Beach youth received his qualifying certificate and a job from the school forty-eight hours after he had paid full tuition for a ten-weeks' course in blueprint reading and pipe fitting. He was fired a few hours later for incompetence, leaving more experienced colleagues to salvage what they could from the ruin he left behind him. Another "trained graduate" of the institution made a quick about-face in one shipyard employment office after defining a capstan as the man who ran a ship.

An ex-Marine who enrolled in the school with a down payment of twenty-five dollars began work at a near-by shipyard on the following day. His contract with the school called for additional twenty-five dollar payments each week until the $150 tuition fee had been met. A few sessions convinced him that he was wasting time and money in attending classes and induced him to leave the school with half the tuition unpaid.

When dulcet persuasion and lurid threats of legal action failed to produce the unpaid balance, the quartet of pseudo-educators launched quick reprisal against the recalcitrant veteran. A hint to company officials that he was a confirmed troublemaker was enough to bring about his dismissal. The ex-Marine retaliated by lodging a vigorous complaint with local authorities.

On March 5, 1943, the four officials were convicted in Federal

Digitized by Google Original from UNIVERSITY OF MICHIGAN

Court at Los Angeles of conspiracy to defraud and violation of the "Kickback Racket Act." Held, Bartlett, and Moffett were sentenced to six months' imprisonment and fined $2,500 each, while Palmer escaped with a lighter term of ninety days and a fine of $1,000. In the course of the trial it was revealed that they had cleared approximately $25,000 from their brief venture into higher education.

An offshoot of the gypster defense school and its associated employment services is the sale of government jobs by unscrupulous placement agencies. One such agency in New York collected more than $5,000 in illegal fees over a three-month period in 1943 by referring applicants to civil service jobs listed as free for the asking in almost every post office, library, school, and reputable employment agency. The majority of its victims were laborers and clerical workers unfamiliar with the operations of the federal civil service system.

The racket had always flourished on a small scale, but took on the proportions of big business when the Civil Service Commission and United States Employment Service appealed to private placement agencies to co-operate in finding qualified workers for government registers. It was specified that no fee could be exacted from applicants by agencies, nor paid by the Government to the latter, for what was essentially an act of patriotism in a country at war. But this did not prevent the fringe of racketeering employment offices from turning public need into another neat source of profit.

Announcing "lifetime government jobs at good salaries," they demanded fees ranging from a month's salary to three-figure lump sum payments, in advance, for making referrals to civil service vacancies protected by laws which had always sought to keep civil service opportunities immune to purchase. The bonanza died when the Civil Service Commission forbade federal agencies to recruit workers through private channels; but practitioners of the racket still flourish on their former reduced scale by calling government openings to the attention of uninformed applicants for the usual consideration.

Not even religion has been immune to the infiltration of the wartime racketeer. A midwestern institution promised to train earnest young men for the ministry and Army and Navy chaplaincies with a concentrated, streamlined course in theology, and conferred doctor-of-divinity degrees on many students solely on payment of tuition fees.

Digitized by Google Original from UNIVERSITY OF MICHIGAN

The school proclaimed the urgent need for military chaplains. "Here is a magnificent opportunity to render service to God and country," one typical announcement read, "by reinforcing the ranks of those who must minister to the spiritual needs of our brave heroes. Never has the need for clergymen been greater than it is today. Tomorrow's need will be even greater."

This remarkable blurb, and many others like it, drew the fire of the alert Federal Trade Commission. Investigation brought cease-and-desist orders against the theological seminary when it was revealed that it lacked a charter as a college or seminary, had no buildings, equipment, or qualified faculty, and was operating from a campus no more spacious than an office desk.

The field day which rackeetering schools are presently enjoying will be nothing compared to the opportunities which will await them in the years following the end of the war—unless a wide-awake and informed public decrees otherwise. Millions of returning servicemen, seeking to acquire new skills or perfect old ones with government aid under the GI Bill of Rights, will be so many potential lambs shorn to the wind. Millions of civilian war workers, anxious to carve a niche in a world miraculously transformed by the accelerated technological progress of war, will be casting about for training in radar, plastics, aviation, television, and all the other wonders promised as commonplaces of the world of tomorrow. Hovering over them, with a beady eye on their purses, will be the vulturine figure of the omnipresent racketeer, ready to swoop in from any angle dictated by the circumstances to pick those purses clean.

How to distinguish between reputable institutions and taproom academies may not seem an easy matter to the would-be seeker after knowledge, deluged with handsomely bound catalogues and dazzling brochures direct from the dean's own hand. But it is easier than it seems at first sight to learn whether hard-earned savings invested in tuition will bring forth learning or larceny. A three-cent letter to the FBI, the Federal Trade Commission, the department of education of the state in which the school is—or claims to be—located, or the local Better Business Bureau is often sufficient to save the writer hundreds of dollars and untold disappointment, or set him on the road to a richer and more useful career.

Digitized by Google Original from UNIVERSITY OF MICHIGAN

4. The Five-and-Dimers

NOT all wartime racketeers are big-time operators raking in hundreds and thousands of dollars with carefully planned, far-reaching schemes for bilking the public on the grand scale. Racketeering has its castes and levels, its big fish and small fry, master minds and morons, manipulators of millions and those who subsist on something akin to nickel-snatching.

The latter are the five-and-dimers of the racketeering world, the nondescript larcenists and swindlers content with small profits and large turnover. They are the scavengers and beachcombers of the profession, pawing through the leavings of those more daring and ingenious. Their versatility and resourcefulness, are, nevertheless, amazing, for no human activity is so humble that it cannot surrender a few coppers to their wiles, and in an occupation where alertness to opportunity is synonymous with survival, they are the greatest opportunists of all.

Their thievery often may be measured in dollars, but more often it is measured in pennies and nickels and dimes. The quest for a national war song, the shortage of coffee and bobby pins, the basement furnace, the war worker's baby, all mean a thin, but steady, trickle of money to their pockets, which, in the aggregate, costs the nation hundreds of millions of dollars a year. Lacking the originality and imagination and organization of their more successful brethren, they resort to the moss-grown swindles and hoary old deceptions—brought up to date—which their predecessors wore thin in a bygone day; but practice them in such a confusing variety of ways as to make detection difficult, or give that minimum return on the victim's money which invokes the protection of the ancient juridical principle of *caveat emptor*—let the buyer beware—when prosecution sets in.

When butter, for example, began to disappear from the domestic scene, the nickel-snatching racketeer was Johnny-on-the-spot with his "revolutionary butter-making machine," guaranteed to stretch one pound of butter into two pounds of butter with a twist of the wrist. That amazing device consisted of a glass fruit jar with a small, hand operated beater set into the lid, and was peddled from door to door at prices ranging from fifty cents to a dollar or two, depend-

Digitized by Google Original from UNIVERSITY OF MICHIGAN

ing on the credulity and sales resistance of the customer. Equal parts of milk and butter were placed in the jar, a few vigorous twirls were given the beater, and—hey, presto!—both butter and milk were sauce for the garbage pail.

When coffee went on the rationed list early in the war, the five-and-dimer was hard behind with his "marvelous new instantaneous coffee powder—you just add boiling water, ma'am," retailing from doorstep to doorstep at thiry-five cents the bottle. How many happy homes were shattered at the breakfast table by this nauseating confection was no concern of the nickel-snatching vendor, gleefully counting up his pennies or laying in a new stock of parched wheat to pass on to coffee-loving innocents.

When bobby pins became battleships, trailing a wake of feminine anguish, the ubiquitous five-and-dimer was at the beauty shop door with bobby pins—genuine, all-steel bobby pins—in abundance. Where he got them was his own secret, and none of the frantic besiegers cared. Nor, perhaps, did they care when half of each package was revealed to contain tissue paper instead of the coveted pins. For the nickel-snatcher, the removal of half the contents of each package was a master stroke which permitted two dimes to grow where but one grew before. By his standards, that was big money.

Nationally known firms which depend on house-to-house canvassing for the sale of their products and which have spent years in winning the good will and confidence of housewives are, next to the buying public itself, the greatest victims of larcenous fly-by-night salesmen. The racketeering, dishonest vendor has put the housewife on her guard and made her suspicious and wary of all salesmen. It will take a long time to restore her to her old receptiveness to over-the-threshold selling.

But the double-dealing and misrepresentation are not always limited to fleet-footed, glib-tongued itinerant peddlers. Old-established department stores in large cities have not hesitated, in many instances, to climb the bandwagon of false and extravagant claims for a profit of a few pennies or a dollar or two. In every case, the long-suffering public has been the victim.

Newspapers in a southern city recently carried a barrage of advertising, inserted and paid for by one of the largest department stores in the community, extolling the virtues of metal ammunition cases, rejected by the Army, as fireproof and burglar-proof security

Digitized by Google Original from UNIVERSITY OF MICHIGAN

boxes for valuable and irreplaceable documents. Tests demonstrated that the boxes were neither fireproof nor burglar-proof, but had merely lulled purchasers who might otherwise have placed their documents in safe deposit vaults into a false—and often costly—sense of security. The National Fire Protective Association has emphasized repeatedly that uninsulated steel containers cannot protect their contents against fire. Steel, in fact, being an excellent conductor of heat, may even hasten the destruction of the contents by rapidly transmitting heat to the interior of the container. Meanwhile, some unethical department stores continue to victimize patrons with claims which have been shown, over and over again, to be false and misleading. The swindling house-to-house peddler can readily call an establishment of this kind his comrade, for the difference between them is merely one of degree.

Until certain purveyors of the "foxhole pillow" were called upon to refrain from further misrepresentation of this device, as outlined and charged in a complaint of the Federal Trade Commission, several prominent department stores were aiding and abetting the sale of this ludicrous and potentially dangerous item to well-intentioned friends and relatives of servicemen by high pressure advertising in newspapers.

In theory, the horseshoe-shaped "foxhole pillow" was a boon and a blessing to GI Joe under any and all circumstances. In practice, it was a nuisance at its best, and a hazard to life at its worst. The comfort-loving soldier was directed to carry it between the webbing and shell of his helmet until such time as he might retire, precipitously or otherwise, to his foxhole. Whereupon he was to remove the pillow from the helmet, adjust its scientifically designed curves to the contours of his neck, and take his ease until the enemy abandoned the bombardment in despair. Under less strenuous circumstances it might be used as a seat or hassock—its curves were likewise designed to fit the rump—while at rest, class, briefing, or at coffee with some desert chieftain. Drawings which accompanied the advertisements ordinarily depicted GI Joe, head cozily cushioned in his foxhole pillow, placidly contemplating, or disdainfully sneering at, a hail of bullets overhead.

Jammed into a soldier's helmet, the device cut off necessary circulation of air, contributed to his discomfort, and rendered him more susceptible to respiratory ailments under extremes of temperature. At the same time it raised the helmet enough off his head to

Digitized by Google Original from UNIVERSITY OF MICHIGAN

expose the neck and base of the skull to projectiles, thereby nullifying the very safety features which led to the adoption of the new steel helmet at the beginning of the war.

Undoubtedly, many stores sold the device in good faith, and were guilty of nothing more than excessive naïveté in stocking up on this ingenious item. But to the majority of department-store buyers and copy writers it must have been obvious—assuming that they were possessed of normal intelligence and perception—that the foxhole pillow's only virtue lay in its value as a snatcher of the public nickel.

Wartime fuel shortages, whether for the family furnace or the family automobile, have been as manna in the wilderness to the alert and ever ready five-and-dimer racketeer. Frequently, as in the case of householders faced with the need of converting oil-burning furnaces to the use of coal, they have been sufficient to elevate him momentarily from nickel-snatching to a more lucrative level.

The wily sharper may find his leads in many ways, but one of the simplest and most direct consists of keeping a weather eye open for plumbers' and heating contractors' trucks parked outside residences, and confirming his fondest hopes by a little friendly conversation with the workmen. When he is satisfied that a conversion job is under way, he takes himself off to round up his accomplices and bide his time until it is ripe.

A few days after work has been completed, the sharper returns to the unsuspecting household he has marked for a kill. An air of authority, backed up, where necessary, by fraudulent credentials, gains him access to the house as an "official furnace inspector," come to determine whether the newly converted heating plant "conforms to safety requirements."

Invariably he finds something amiss with the furnace—something so urgently and explosively amiss as to require instant attention. If the perplexed householder demurs, he ominously hints at dire penalties. If the householder proposes calling on the errant plumber or heating contractor to make the "defective installations" good, the bogus inspector counters with the suggestion that it will be much more economical of time, money, and temper to turn the repairs over to "officially approved and licensed" workmen whose handiwork, he knows, will be sure to merit his immediate approval. The implication is obvious, and his opinion generally prevails. If the householder offers too many objections, or displays too much hesi-

Digitized by Google Original from UNIVERSITY OF MICHIGAN

tation or suspicion, the racketeer makes a graceful exit and chalks up a failure—for the moment.

With the stage set for scene two, the bogus inspector telephones his "officially approved and licensed" workmen and departs. Within half an hour a pair of burly, overalled "laborers" have appeared to take the furnace in hand. Within an hour or two more, by methods more direct than scientific, they have taken the furnace apart in a wild frenzy of battering, hammering, prying, and cutting. The destruction is as complete as they can make it.

The "inspector" returns at the crucial moment and surveys the rack and ruin with well-simulated horror. Pointing to cracked and battered grates, doors, piping, and plates, he sternly forbids the "workmen" to reassemble the furnace.

"We could never countenance the use of such an obviously broken-down heating plant," he righteously informs the householder. "It's as complete a fire hazard as I've ever seen."

If the despairing householder demands that the furnace be reassembled, the workmen shrug their shoulders helplessly. "Can't do it, mister. We don't want to get in trouble with the law." They gather up their tools and leave. Meanwhile the "inspector" is busy making out what appears to be a report. With a businesslike air he snaps his notebook shut and reaches for the door. The householder despairingly considers the remains of his heating plant, envisions the long winter which lies ahead, and gazes appealingly at the inspector. "Can't anything be done?" he implores.

The impostor ruminates for a moment, and with an air of benevolence suddenly informs the householder that he has just recalled a secondhand furnace available at a housewrecker's establishment. He will be glad to use his influence to obtain the furnace as cheaply as possible, but with the demand for furnaces what it is at the present time—perhaps it would be best to put down a little deposit. When he leaves, a down payment of as much as fifty dollars may go with him.

Only after days or weeks have passed without word from the "inspector" does the worried householder make inquiry at the local engineer's office, to learn that he or she has been badly victimized. To the loss of the deposit and the general inconvenience must be added the expense of reassembling the furnace and replacing parts damaged or totally destroyed by the impostor's accomplices.

Numerous arrests have been reported of petty racketeers practicing this racket or its variations, but too often they serve only a few

Digitized by Google Original from UNIVERSITY OF MICHIGAN

months in jail for property damage, petty larceny, or obtaining money under false pretenses, before they are released and at liberty to repeat the performance in other communities. Local authorities recommend that householders demand complete identification of persons claiming to be municipal or utilities' inspectors of any kind, and where the slightest doubt exists of their authenticity, check by means of a call to the town department charged with such inspections. Under no circumstances, they add, should money be turned over to inspectors for any purpose unless the citizen is fully convinced of the authority of the official to request and receive fees and payments.

A corollary of heating rackets practiced by small-fry larcenists is the house-to-house sale of "revolutionary compounds" guaranteed to make the domestic coal supply last twice as long and deliver twice the heat normally obtainable. The process is economical and takes only a few moments, the housewife is assured by the salesman-expert. Its chief virtue is that it relieves the victim of her cash without doing permanent damage to coal or furnace, for the most revolutionary ingredient—often the sole ingredient—employed by the racketeer in his magic formula is common table salt of an inferior grade.

Gasoline rationing has seen the hoary old gasoline-tablet gag stage a roaring comeback, with its sponsors doing a land-office business to the tune of knocking valves and sputtering engines from coast to coast. But whereas in the days of bubbling gasoline pumps its victims were limited to an occasional guileless motorist or service station operator, today it is peddled from the advertising columns of nationally known and nationally read magazines, and its victims are numbered by the thousands.

The formula in pre-rationing days was simple and diverting. The confidence man would drive up to a rural gasoline pump and order a few gallons of water to be poured into the gasoline tank. As the mystified attendant looked on in wonder, the ingenious swindler extracted a small white tablet from a flask, nonchalantly dropped it into the fuel tank and started his motor. Many service station operators, witnessing this "miracle of modern science," envisioned huge profits from the sale of homemade gasoline and for the usual small consideration were given exclusive "franchises" and "charters" or provided with the inevitable "revolutionary formula." As soon as he was safely out of sight, the racketeer drained the water from

Digitized by Google Original from UNIVERSITY OF MICHIGAN

the upper compartment of his double fuel tank and proceeded on the more conventional gasoline contained in the other compartment to the next community and his next victim.

The scheme was so crude and risky that only the most poverty-stricken and desperate of nickel-snatchers would dare to try it. But today the sale of gasoline tablets has emerged into the open and taken on the proportions of big business. Eloquent advertisements in magazines and newspapers sing the virtues of "Magic Gas," "Vitaplus," and their infinite counterparts. A tablet to a tankful will increase mileage by twenty to fifty per cent, the ad-writers claim, and many a harried motorist, faced by a transportation problem which grows steadily more difficult, is willing to make the experiment at least once.

The United States Bureau of Standards tested one hundred and fifty of these alleged gas-savers and determined that not one of them could fulfill any of the claims made for them by the manufacturers. On the contrary, the bureau found that even their occasional use could do serious damage to an automobile engine by loosening sludge in the gasoline tank, clogging fuel lines and carburetor, and destroying the efficiency of valves and pistons.

The Federal Trade Commission recently ordered the makers of "Magic Gas," a nationally advertised product, to cease its misrepresentation, whereupon the firm transferred its highly profitable business to Canada and was making extravagant claims for its gasoline pellets as recently as July, 1944. In another case, two New Yorkers were arrested for marketing a product known as "Vitaplus," widely advertised as a gas-stretcher, after Mayor Fiorello La Guardia had lashed out at the product in one of his weekly radio broadcasts and termed it "worthless and a fraud." The Mayor's blast helped to reduce sales to the point where "Vitaplus" was forced to file a petition of voluntary bankruptcy on April 19, 1944, but there can be little doubt that the gap left by "Vitaplus" was immediately filled by an equally unscrupulous product under another high-sounding name.

Hand in hand with gasoline tablets, and a myriad other devices conceived by the small-time swindler to ensnare the hapless motorist for a picayune profit, have come fantastic solutions to the problem of tire shortages and rationing. Even skeptical and cautious automobilists, when turned down by their ration boards on applications for new tires, have been willing to heed the incredible claims of the five-and-dimers intent on their goal of a few pennies.

Digitized by Google Original from UNIVERSITY OF MICHIGAN

"Compounds" to make tires puncture-proof, or prolong the life of the tread, have been peddled by the ton from coast to coast and border to border. Impartial tests have proven that most of them not only are useless but may even exert an acid action on the rubber to which they are applied which speeds up the deterioration of the tire, and reduces its life instead of prolonging it. One product which was peddled from door to door as a means of reinforcing worn spots on tires was revealed to be ordinary library paste, bought by the swindler for a dime a jar and resold by him at a profit of thirty or forty cents.

One ingenious young New Yorker burst forth from the nickel-snatching category and reaped a harvest of $59,000 from adroit exploitation of tire rationing before he began a five-year term on November 18, 1942, for using the mails to defraud. A confirmed five-and-dimer for most of his life, Pellegrino Vitale was thirty before he discovered the self-styled inventive genius which was to bear him from the teeming East Side of New York to the plush-lined precincts of Park Avenue and thence to the whitewashed confines of a prison cell.

Pellegrino, intelligent, debonair, and looking younger than his thirty years, cut a handsome figure in the haunts of café society and the downtown chophouses frequented by bankers and brokers from near-by Wall Street. The story which he glibly planted painted him as the head of a multimillion-dollar corporation controlling manufacturing rights to a magic powder which would relegate punctures to the limbo of the dinosaur and dodo. A pinch of it sprinkled in an inner tube would cause the rubber to expand on contact with any puncturing element and permit the motorist to roll blissfully on his way.

To give his tale the needed verisimilitude, Vitale equipped himself with a wide variety of impressive photostats of documents identifying him as president of the "corporation." Several of them bore the forged signatures of Secretary of the Treasury Henry Morgenthau and of Securities and Exchange Commission officials. Another linked his company to the Bethlehem Steel Corporation. Others bore the Great Seal of the United States, later revealed to have been photographically reproduced from the seal appearing on Ration Book Number One.

An elaborate suite in one of New York's finest office buildings was the final touch. Visitors to the dignified, oak-paneled recesses

Digitized by Google Original from UNIVERSITY OF MICHIGAN

of his office took one look at the successful young executive behind his massive mahogany desk, and fell over one another in their haste to press investments on him. Four local financial geniuses finally persuaded him to accept the $59,000 which they proffered for a share in the riches to be derived from the sale of the miraculous puncture-proofing powder. Direct mail advertising brought him many smaller investments from other parts of the country, and laid the foundation for his later prosecution.

The powder was not forthcoming, but Vitale reassured his anxious stockholders with promises that it would appear on the market as soon as production knots had been unraveled. Meanwhile he roamed New York like a minor potentate. He became a lavish spender and a reckless gambler and the source of many flutterings of the heart among sophisticated smart-setters in the night clubs of the East Fifties.

Vitale's financial manipulations first came to light when the FBI arrested him on a charge of draft evasion, long before the majority of his friends and investors had become suspicious enough of him to question his lavish display of wealth and failure to produce his revolutionary puncture-proof formula. Although serious in itself, the draft charge was held in abeyance while his large-scale operations were unraveled and faces reddened in New York's financial and social circles. The five-year term which was meted out to him was conceded to be a comparatively light one, for the federal grand jury which indicted him learned that hundreds of small investors had been victimized by mail, besides the four major investors who had contributed $59,000 to Vitale's scheme.

One of the great quests of this war has been the search for a song which would be to World War II what the late George M. Cohan's "Over There" was to the conflict of 1917-1918. Some of the nation's leading songsmiths have composed melodies and penned lyrics which have been passing hits or near hits, but none has succeeded in producing a song which captivated the imagination and set the rhythm of war as did Cohan's masterpiece.

Nevertheless, the search goes on, aided and abetted by versatile swindlers who have set their racketeering to music. Magazine advertisements announce that these talented maestros—now posing as "internationally known music publishers"—will accept for consideration the work of the army of amateur lyricists who painfully seek fame and riches on a nation-wide scale by laboriously fitting

Digitized by Google Original from UNIVERSITY OF MICHIGAN

"June" to "moon," and "spoon" to "croon." If the lyrics are of professional caliber, the beguiling advertisements announce, the "publishers" will set them to music and launch them on an avidly waiting public.

"We can help you to write the great song hit of this war," reads a typical blurb. "Send us your lyrics. If we think they are worthy of publication, we will set them to music for a small fee. If your lyrics do not come up to our high professional standards, we will frankly tell you so."

One of the officials of a Better Business Bureau determined to put some of these offers to the test, and conscientiously set himself to composing the corniest and most atrocious set of lyrics of which he was capable. The finished product, which he forthwith forwarded to a half-dozen of the so-called music publishers for consideration, was entitled "The Lonely Soldier's Lament" and ran as follows (the original details of spelling and meter are scrupulously preserved):

When we said good-by at the silo
After milking time at time of eve (evening)
Sadly you did cry and petted poor fido
As I did march away in Khaki sleeve
The cows mewed good-by, the chores were all done
As I turned and marched away to Washington.

Chorus

I'm lonely and blue at the stage door canteen
And my sergeant is nasty and mean.
The hostesses are nice but you are very much nicer
You are my little de-icer.
Some day we'll squash the Heinies
With the British, Russians, Brasilmen and Chinese.
Some day I'll come back soon maybe
And we'll settle down to build a house and have a baby.

A veteran investigator of many schemes to cheat the public, the Better Business Bureau official was not surprised to learn that his masterpiece of illiteracy and triteness was easily the greatest lyric to emerge from this war, and for that matter, from any war in the history of mankind.

"Sensational! It will be the hit of hits!" was the burbling comment of one "publishing firm"—prefacing the more realistic observation that it would take at least twenty-five dollars to fit the lyrics to music and make them ready for popular demand. Another

Digitized by Google Original from UNIVERSITY OF MICHIGAN

firm compared them in "originality and catchiness" with "Over There" and volunteered to bring their author and immortality together for thirty-five dollars. Still another made the restrained prophecy that forty dollars would be sufficient to place the composer "among the top-flight lyricists of the country."

Subsequent investigation revealed that hundreds of amateur song writers had received similar eulogies and had parted with their money on the strength of promises made by these fly-by-night publishers. In the majority of cases they received one printed copy of their masterpiece and heard no more from their collaborators. In the remainder they received no answer whatsoever after they had mailed the specified fees. In not one instance did careful investigation uncover the payment of a cent in royalties.

Aspiring songsters should bear in mind that reputable music publishing firms do not solicit contributions, and often make every effort to discourage neophytes from wasting time and money in attempting to break into a profession which is difficult, overcrowded, and more apt to pay off in heartbreak and disappointment than in cash and plaudits.

One of the most fertile fields for the small-time wartime racketeer has been income tax declarations. Higher wages and lowered tax exemptions have made regular taxpayers of millions of men and women who never before had been called upon to pay a cent to the Department of Internal Revenue. Even with simplified tax return forms, the matter of computing deductions and payments is a task to make the majority of them quail.

Enter the "income tax expert," without benefit of bookkeeper's or accountant's training, prepared to smooth away the taxpayer's complications and push penalties for incorrect returns into the realm of impossibility. His activities are inevitably followed by a wake of vociferous complaints as declarations are returned by the government for revision and correction, with appropriate penalties added.

Not infrequently the swindling "tax expert" plays both ends against the middle in attempting to enrich himself with a minimum of effort and inconvenience. Posing as a perplexed and bedeviled taxpayer, he has his client's declaration checked and computed by government experts whose services are available at internal revenue offices and banks just before declarations become due. These returns, naturally, will be as correct as expert advice can make them, but

Digitized by Google Original from UNIVERSITY OF MICHIGAN

the nickel-snatcher is still in his natural element—obtaining money by false pretenses, and this time at government expense.

Legally, the victim can make no claim against the fraudulent tax expert for incorrectly computing a return. The only safeguard available to the public is to determine beforehand whether the assistance offered is being supplied by a charlatan, or by a competent accountant or bookkeeper.

Among the most prevalent of five-and-dime rackets has been the nursery school swindle directed at mothers working in war plants. Millions of women have taken advantage of the opportunity to perform a patriotic service and lay aside a little money for postwar needs by filling men's jobs in business and industry. Their chief problem, if they are mothers, has been the care of small children, and this problem has customarily been solved by placing the youngsters in day nurseries.

The petty racketeer exploits this situation by visiting the mother at her work, or at her home after working hours, and requesting payments or contributions to support the nurseries. In Chicago, one of the chief war production and industrial centers in the country, a swindler posing as a minister was reported to school authorities after he had made numerous attempts by telephone to collect contributions for a day nursery project maintained by public funds. As far as is known, he did not succeed in collecting any money, but others of his ilk have been tremendously successful elsewhere.

5. Welcome, Soldier!

UNCLE SAM'S soldiers, sailors, Marines, and fliers have proven their mettle in battle on a score of fronts and shown themselves to be among the finest fighting men in the world. But, for all their valor and military prowess, at heart they remain civilians in uniform, anxious to wind up the business of the day and return to their homes and families and jobs and all the little comforts of civilian existence as quickly as possible. No matter how readily they may adapt themselves to the demands and discomforts of military life, nothing can weaken the ties which identify them with the life

Digitized by Google Original from UNIVERSITY OF MICHIGAN

they have left temporarily behind. If anything, military life tends to strengthen those ties.

That is all as it should be for the wartime racketeer whose specialty is servicemen. The soldier's nostalgia and longing for the sight and sound of loved ones, for a brief trip home or a brief escape from the routine of camp or base, make him a ready and remunerative target for a variegated assortment of chiseling, unscrupulous hotelkeepers, rooming house operators, taxi drivers, sidewalk photographers, salesmen, restaurant owners, and others, to whom "Welcome, soldier!" is the clarion call to a royal fleecing, with the serviceman as the defenseless lamb.

The serviceman is fair game to these petty larcenists in almost every part of the country, but nowhere so much as in the vicinity of Army and Navy establishments. Parents anxious to spend a few hours with their soldier or sailor sons, or wives with their husbands, double and treble the population of small towns every week end. The law of supply and demand takes its inexorable course as hotels, lodging houses, and restaurants prove woefully inadequate to handle the sudden influx of servicemen and their guests. Not only does it take its inexorable course, but the helping hand of the racketeer speeds it along.

In many towns near camps dirty, closet-like rooms in cheap hotels and boardinghouses bring as much as seven or eight dollars a day in revenue. Landlords and hotelkeepers refuse to rent on a weekly basis, because daily rentals bring a disproportionately greater return. Soldiers and their relatives and friends stand in block-long queues outside restaurants for the privilege of paying two or three dollars apiece for a three-course dinner. Standard brand cigarettes sell for twenty-five cents a package and nickel candy bars for ten and fifteen cents. In many cases, articles and services which are available to civilians at one price suffer a ten- to fifty-per-cent mark-up where men in uniform are concerned.

Price ceilings established by the Office of Price Administration have helped to spare the serviceman a good deal of the victimization which was intended for him by the unscrupulous. But, in general, the type of mentality which sees a wellspring of illegal profit in a fifty-dollar-a-month buck private is the type of mentality which will not permit a little matter of OPA regulations to stand in the way of turning a dishonest penny or two, and sky-high prices are

Digitized by Google Original from UNIVERSITY OF MICHIGAN

still the rule rather than the exception in many so-called Army towns.

The nation's capital, with a score of near-by military and naval establishments pouring thousands of servicemen into the city every Saturday night, has won an unenviable notoriety in this respect because of the rapaciousness of many of its innkeepers. A recent survey in Washington showed that squalid fire traps which rented rooms for a dollar a day during the week were charging eight and ten dollars for a night's lodging over week ends, when their clientele was made up principally of servicemen in town on passes.

Public-spirited Washingtonians, aided by local newspapers, brought pressure to bear on the owners of these profiteering hostelries and succeeded in reducing rates for a brief period. As soon as the pressure was lifted, however, room-rental prices soared again, until action was taken against several hotel operators for violation of the Emergency Rent Control Act and fines of as much as five hundred dollars were levied against them. The salubrious effect of this campaign is beginning to wear thin, for rates which shot downward simultaneously with the rent control prosecutions are beginning to creep upward again. Evidently, it is more profitable for the racketeering hotelkeeper to charge excessive rates and pay an occasional fine, than to conform to rent ceilings and net a profit more appropriate to the resources of the serviceman on leave.

On a par with grasping hotelkeepers are rooming house operators of the same low economic morality. Rent control offices in communities near Army and Navy installations are deluged by complaints of rent law evasions and unabashed profiteering on men in uniform by grasping landlords and innkeepers. Particularly welcome to this gentry are servicemen living away from camp, either by themselves or with wives and children. Reunited with his family on short notice and for an indefinite period, the soldier or sailor with a subsistence allowance cannot afford to waste too much time in apartment hunting and is thoroughly at the mercy of the profiteering landlord.

The latter has demonstrated that he knows how to take full advantage of the situation. A few clapboard partitions thrown up in a basement furnace room will result in a makeshift apartment, devoid of all except the most rudimentary household and sanitary facilities, which may bring in a rental of as much as eighty-five dollars a month. Dingy rooms on upper floors, or dilapidated sheds and

Digitized by Google Original from UNIVERSITY OF MICHIGAN

garages, may rent for even higher prices. With the desperate demand for accommodations of any kind in Army towns, these primitive shelters are rarely empty for more than brief intervals.

The net result of theses practices has been that many servicemen who otherwise might have enjoyed a brief respite from the monotony of Army life, or a reunion with their families, have confined themselves to the camps in disgust at the treatment they have received at the hands of a large number of civilians.

The hardy souls who have been willing to run the gauntlet of grasping civilian hands have found another menace to their purses lying in wait for them after they have been virtually stripped clean by greedy hotel- and boardinghouse keepers. It consists of a small group of racketeering taxi drivers who have taken their consciences and Order No. 28 of the Office of Defense Transportation and shelved them for the duration and as long thereafter as men in uniform are available for easy plucking.

ODT Order 28 specifically forbids cabbies to range farther than ten miles from the limits of the city in which they operate, and penalizes violators of the order with loss of the all-important certificate of necessity, without which the hacker cannot secure the gasoline, tires, and replacement parts essential to his occupation. But there have always been a few get-rich-quick drivers in every town willing to flout the order and render their country a double disservice by robbing hapless servicemen and wasting precious rubber and gasoline for personal profit.

They haunt the entrances to bus and railroad terminals, intercepting servicemen returning to duty from passes and furloughs with offers to speed them back to camp. They are most successful where overcrowding of trains and buses makes transportation by these means impossible in time to take the soldier or sailor back to camp or base before his leave expires. Their charges range from three to ten dollars a person for average runs of fifteen to fifty miles, and they never carry less than five passengers at a time. Their income from a drive of an hour or two may range as high as fifty dollars, and several such trips can easily be made between sunset and sunrise.

Conscientious cabbies resent the black eye which this type of motorized bandit is giving to an essential occupation largely composed of hard-working, scrupulously honest individuals, and contemptuously refer to him as a "money-hungry Willie." The stranded

Digitized by Google Original from UNIVERSITY OF MICHIGAN

serviceman may refer to him in more lurid terms, but, faced by a possible charge of being AWOL, he rarely has an alternative to paying the exorbitant charges of the racketeering hacker in his efforts to return to duty on time.

Police in Fredericksburg, Virginia, recently halted seven Washington drivers who were transporting forty servicemen to Richmond and Norfolk, 110 and 200 miles from the capital, respectively, at an average charge of eight dollars per passenger. Another driver was stopped a few hours later on the same highway who had jammed eight soldiers into his cab for the 180-mile trip from Washington to Camp Pickett, Virginia, for a total charge of eighty dollars. In all cases, the hack licenses of the offending drivers were suspended, on the request of the Office of Defense Transportation, for periods ranging up to six months. To a driver whose average income from illegal long-distance driving had been two to three hundred dollars a week for many months, the suspension of his license meant no great hardship. His activities might suffer temporary interruption, but he had been able to amass from his operations a handsome little nest egg to tide him over his fall from grace with the authorities. To other drivers minded to engage in the same lucrative activity, the promise of enormous profits outweighs any other considerations, including the penalties which so far have been levied.

One of the most prevalent banes of the serviceman's existence, and one of the most universal threats to his pocket and peace of mind, are the ubiquitous sidewalk photographers who obstruct passage along the main streets of many of our larger cities. The strolling serviceman is abruptly confronted by the lens of an impressive-looking camera, the shutter is clicked, and a self-addressed envelope is rudely thrust into his hands which informs him that an "action picture" has been taken of him which may be obtained by dropping a stipulated sum into the envelope and mailing it to the addressee. In the course of one city block, the serviceman may be subjected to the same ritual and photographed as many as half a dozen times.

In the majority of cases the snapshots are so blurred as to be worthless. In others the dominant feature of the photograph is some stranger, or some extraneous element in the immediate vicinity of the subject. There have even been instances where sidewalk photographers have been arrested for violation of a municipal ordinance

Digitized by Google Original from UNIVERSITY OF MICHIGAN

and subsequent examination of their cameras has shown these to contain no film at all.

Civilians come in for a fair share of attention from the sidewalk artists, but the man in uniform is preferred. Justly proud of his khaki or blues, and anxious to have some memento of his visit to town for himself or relatives, he is likely to be more receptive than a civilian to the suggestion contained in the envelope and will part with his money more promptly. Should the pictures prove unsatisfactory or fail to materialize at all, a written complaint from a camp or base miles away can be ignored more readily than the personal appearance of some indignant local citizen loudly demanding redress.

Naturally, there are reputable companies which attempt to give the serviceman value for his money, but they have been largely discredited by the less ethical camera-wielding gentry. Many sidewalk photography enterprises consist of nothing more substantial than a few individuals with a hankering for easy money, a camera, and an idea. Lacking the ability, time, energy, and facilities to cope with large orders for their handiwork, they sometimes find it easier to sweep up the quarters and half dollars which have rolled in, and close up shop without making any further attempts to bring order out of chaos by matching prints with requests.

Complaints from victims of the fly-by-night sidewalk photographers became so numerous in New York City that legislation was enacted providing heavy penalties for failure on the part of the photographer to give a satisfactory return on money received from citizens. A newspaper exposé in St. Louis which reproduced many examples of the blurred, fuzzy portraits characteristic of most sidewalk photography led to a city ordinance banning this type of artistic endeavor from the streets. A firm in Chicago was forced out of business by threats of prosecution on charges of obtaining money under false pretenses, after the Better Business Bureau had received almost five hundred complaints from indignant citizens who had mailed in their money in good faith and were still waiting for their "action pictures."

Magistrate Henry H. Curran, of New York City, took judicial cognizance of sidewalk photographers a short time ago when he termed them "pestilential racketeers" and advocated drastic penalties to drive them from the streets. In forceful language, Magistrate Curran declared:

Digitized by Google Original from UNIVERSITY OF MICHIGAN

"Even if a picture is really taken, it tends toward a breach of the peace to photograph a passing citizen without his consent. It is an invasion of his privacy which induces justified anger. Suddenly to look up, while one is walking peaceably along, to find one of these slick fakers pointing a machine which resembles a tommy-gun, and then to have him rush up, block one's path and attempt to sell something, is an intolerable offense. A light left to the nose would help. I have seen women badly frightened by this sort of attack. It is especially contemptible to thus swindle soldiers and sailors. A week or two in the lock-up is too good for these roustabouts."

The worthy magistrate might have waxed even more wrathful had he been as familiar with a certain variation of the sidewalk photography racket extensively practiced near Army camps and naval stations. Again, the justifiable pride of the serviceman in his uniform, and his family's pride in the serviceman, were fully exploited.

A typical manifestation of the racket was uncovered near a midwest Army camp not long ago by the FBI, during the course of a routine bankruptcy investigation. Its sponsor was the operator of a chain of photo studios who had but recently transferred his operations to the Midwest after being unceremoniously run out of a southern state by law enforcement officers as the result of numerous complaints.

Once established in his new locale, the swindler hired a small army of street salesmen to accost servicemen and hand them brightly colored announcements and coupons informing the soldier or sailor that surrender of the coupon would result in the taking of a free portrait. "Absolutely free! Beautiful 8″ x 10″, glossy-finish photographs," said the handout in effect. "Send them home and give the folks a real treat. Remember, absolutely without charge!"

Those who investigated this unique offer found it to be everything it purported to be. Handsome prints which met all the specifications contained in the circular were made of any comers. But from that point on, high pressure was brought to bear on the subject to have the prints enlarged, colored, framed, or duplicated at prices to make even the most photogenic quail.

Even at that the swindler was still within the law. It was only when a serviceman had parted with his money, or had shown an aversion to parting with his money, that the two-way action of the racket began to reveal itself.

Each soldier or sailor who had availed himself of the swindler's

Digitized by Google Original from UNIVERSITY OF MICHIGAN

apparent magnanimity had been asked to fill out a fairly detailed questionnaire as a matter of record—a small enough gesture to make in return for a free portrait. Among other particulars, the completed questionnaires contained the names and addresses of servicemen's families, and these seemingly trivial items were all the racketeer needed to go ahead with part two of his plan.

Whether a serviceman rose to the bait or not, unbeknownst to him, members of his family were shortly made the recipients of duplicate prints. With the prints went a price list and covering letter which stated that the photographs had been sent at the request of the soldier or sailor, so that relatives and friends might make a selection. If a selection were made, advance payment was asked for additional copies or enlargements.

When the FBI uncovered the details of the scheme, it was discovered that hundreds of down payments had been made by servicemen and their families without a single picture's having been furnished in return. One of the chief assets of the firm appeared to be bundles of assorted form letters, evidently intended to be mailed out in rotation at regular intervals, informing clients that delivery of the photographs was being delayed for a multitude of reasons. The master mind of the enterprise was indicted by a federal grand jury in Cincinnati, Ohio, on June 9, 1944, for using the mails to defraud and failing to register under the Selective Service Act. He pleaded guilty to both charges ten days later, and was sentenced to serve two years on each count, the sentences to run concurrently.

Double-edged onslaughts of misrepresentation—simultaneously directed at the serviceman and at his relatives and friends—are practiced in a number of other ways. One of the most successful, while it lasted, although it cannot be classed as a swindle and racket in the literal sense of the word, took full and remunerative advantage of the innate devoutness and religious spirit of the vast majority of Americans by attempting to foist "bulletproof Bibles" on the public.

A barrage of newspaper and direct-mail advertising importuned the fighting man to go into battle only when protected "by the divine guidance and impregnable bulwark" of a steel-jacketed Bible in his breast pocket. Direct mail advertising to friends and relatives was worded only slightly differently. "Send this Bible to your loved one in the armed forces," they were admonished, "secure in the knowledge that the Book will provide spiritual guidance and preserve his life."

Digitized by Google Original from UNIVERSITY OF MICHIGAN

One Bible-vending firm, in particular, was noted for the technical specifications which accompanied every letter. "Have your boy wear a bulletproof Bible, for it may save his life," it implored the recipient. "Each Bible is encased in gold-plated, 20-gauge, drawn steel covers. Repeated tests have shown that these covers will deflect a .45-caliber service revolver bullet shot from any angle. They may just as miraculously deflect shrapnel or the point of a bayonet." Another firm informed the public that the stainless steel covers of its product performed double duty in a pinch as a shaving mirror.

Skeptical of these claims, a Washington newspaper quietly initiated a test of sample Bibles on a firing range. Two marksmen fired low-caliber bullets at the covers from a distance of about fifty feet. When the smoke cleared, the slugs had plowed through both covers of the Bibles and into the sandbag backdrop behind.

Complaints charging misrepresentation were filed against the offending firms by the Federal Trade Commission. It was pointed out by the commission that the use of the steel-jacketed Bibles afforded a serviceman no protection whatsoever against bullets and shrapnel. On the contrary, the jagged edges of holes left in the Bible by projectiles passing through them, and the possibility of fragments and splinters of steel being driven into the serviceman's body, greatly increased the risk of serious and painful wounds. The producers of the "bulletproof Bibles" countered with claims that actual instances had been recorded of servicemen's lives having been saved by the device, but the Federal Trade Commission remains highly unreceptive to their allegations.

A simpler and more economical method of victimizing servicemen and their relatives was practiced by another firm which solicited orders for a pocket-size Bible, without benefit of bulletproofing, sent through the mails for sixty-five cents. Thousands of orders poured in on the company, but not one Bible was known to have been sent in return. When letters of complaint began to return to the senders marked "Addressee Unknown," it became obvious that another profitable hoax had been perpetrated on the long-suffering public by the unscrupulous.

In a similar vein, elusive mail-order houses have offered a wide variety of items calculated to meet with a response among soldiers and sailors, in reality not worth the adjectives in which they are wrapped. One of the most successful swindles of this type was contained in an extremely persuasive advertisement which appeared over

Digitized by Google Original from UNIVERSITY OF MICHIGAN

a considerable period of time in popular magazines. Addressed to servicemen and their well-wishers, it offered a "gift package containing a varied assortment of games and puzzles" which would provide the men in uniform with many hours of wholesome enjoyment and complete escape from boredom.

The firm which marketed this varied array of gimcracks sold more than ten thousand, at $2.50 apiece, before complaints were received in such numbers that the Department of Justice was moved to consider prosecution of the company for fraud. Among the contents were a 3" x 3" cardboard checkerboard, a paper-covered collection of long-forgotten, once-popular songs, a ten-page booklet of hoary old jokes, a pair of dice, and two cardboard puzzles which hardly would have taxed the mental abilities of the average first-grader. The total cost of these items to the seller could not have been more than a few cents. Their entertainment value for the servicemen was nil.

Another establishment offering "genuine leather" stationery kits at $2.00 each was forced out of business by action of the Federal Trade Commission when the kits were revealed to be no more than a cover made of cardboard, crinkled to simulate leather, a fifteen-page writing tablet, and ten envelopes of poor quality. Any self-respecting five-and-ten-cent store could have made a fair profit on the sale of these articles by selling them for a dime.

The gift package racket was exploited to the fullest by two enterprising gentlemen who are now awaiting trial on charges of grand larceny and obtaining money under false pretenses. Disdaining the anonymity of the usual post office box or empty store rented on a day-to-day basis, they settled their "serviceman's package" venture in a luxurious showroom, with sample gift packages temptingly displayed under artistic lighting effects. Patrons were offered a wide choice of combinations of expensive toilet articles, delicacies, and cigarettes, priced at figures which were obviously far below the true value of the articles. "A public service. We want to do something for the boys," was the usual response to queries of "How can you sell them at such a low price?" The public came, saw, and was taken in.

By the time the packages purchased by well-intentioned friends and relatives of servicemen reached their destination, the contents resembled the original display packages only remotely. Tiny, sample-size tubes of tooth paste and shaving cream, a small bar of soap, a

Digitized by Google Original from UNIVERSITY OF MICHIGAN

can of cheap talcum powder, a box of biscuits, and two or three packets of cigarettes were all that greeted the eager recipients at camp or at the front. Hundreds of packages selected by patrons in the display room underwent the same mysterious transformation between selection and delivery.

Nevertheless, a steady stream of thank-you notes from servicemen who had been made the objectives of gift packages served to stave off the wrath of the public for some time. Only when servicemen began to detail the contents of packages were purchasers moved to indignation and subsequent complaints.

Better Business Bureaus periodically warn the public that firms offering to sell gift packages or service kits below their apparent value should be regarded with suspicion. Few merchants are in business for philanthropical motives, the wartime racketeer least of all.

Servicemen in increasing numbers have been complaining of a new racket directed at them by unscrupulous jewelers who are riding wartime shortages of precious metals and the boom in wartime marriages for all they are worth. With the jewelry trade limited to fifty per cent of its peacetime quota of gold, platinum, and other precious metals, unethical jewelers are palming off wedding rings and other items made of alloys of base metals and inferior gold and platinum at fantastically high prices.

The serviceman looking forward to a quick trip to the altar during a furlough or before going overseas is the principal victim of these practices. Time is too short, excitement is too high, and preparations are too hurried for a careful selection. By the time the young service bride reports that her once gleaming wedding band has turned a deep and repellent green, the soldier or sailor is too far from the scene to demand and get redress.

Shortages of timepieces have been another source of safe, quick profit for many jewelers who are more interested in exploiting servicemen's needs than in conforming to the high ethical standards of most members of the trade. Cheap Swiss watches are bought in wholesale lots at eight or ten dollars apiece and resold as "waterproof, shockproof precision watches" at ten times their cost to the retailer. Tests conducted by OPA investigators have revealed that many of these highly touted watches are either secondhand or of markedly poor quality.

Similar victimization of the serviceman is common in many lug-

Digitized by Google Original from UNIVERSITY OF MICHIGAN

gage shops and servicemen's supply stores. The cheapest cardboard and fiber suitcases, dressed up with a little paint and imitation leather straps and reinforcements, are offered as high-quality "furlough bags" at exorbitant prices. The serviceman, anxious to take advantage of as much of his brief furlough as possible, is in no position to investigate quality thoroughly or haggle over the exorbitant prices. He is in too much of a hurry to get home.

6. Mailbox Marauders

THE old-fashioned housebreaker with a newfangled racket is prowling the nation's mailboxes today in the wake of the letter carrier. His equipment is a pocket screwdriver and flashlight, his objective is millions of government checks mailed out yearly to the public, and his loot bids fair to place him in the topmost brackets of non-income-tax-paying residents.

More than 300,000,000 government checks go out in an average wartime year. Every month nearly 8,000,000 go to the dependents of servicemen. The rest are for pension and insurance payments, salaries, and bond redemptions. Huge batches are mailed from the Treasury with timetable precision at specified monthly intervals to reach their destinations on approximately the same day each month, and all of them are enclosed in distinctive brown envelopes which attract the mailbox thief as honey draws the bee.

Sometimes the check thief works alone, and sometimes he works in small packs, but whatever his mode of operation, he does not take long in familiarizing himself with neighborhood mail delivery schedules and with the habits of those to whom checks are regularly delivered. Thereafter, it is the work of an instant, at some propitious moment, to force the mailbox in a dimly lit apartment-house hallway and abstract government checks and other mail in comparative safety.

Almost 8,000 government checks were reported stolen in this fashion during the first six months of 1944, and the number will undoubtedly increase in the near future as checks for disability allowances, veterans' pensions, mustering-out pay, and benefits to

Digitized by Google Original from UNIVERSITY OF MICHIGAN

returning servicemen under the GI Bill of Rights are added to the hundreds of millions which pour out of the Treasury yearly.

Standing between the public and this large-scale, nation-wide looting is the Treasury Department's justly famed Secret Service, charged, among many other tasks, with insuring that government remittances fall only into the hands of those rightfully entitled to them. In this, it is aided by a vast collection of forged checks bearing the handiwork of some of the most notorious and persistent penmen in the country. Approximately 1,500 samples of the work of known forgers are consulted each month by Secret Service agents for comparison with spurious endorsements on stolen government checks which have cleared the banks and found their way back to the Treasury.

But another factor can stand between the check thief and his intended victims in the intelligent co-operation, woefully lacking in the past, of the public itself. The files of the Secret Service are full of cases in which widespread carelessness has contributed more to the success of mailbox pilferers than any talents at burglary which the latter might possess. Public alertness to the ever present threat of the check thief and the observance of a few simple procedures can quickly make this type of racketeering so unprofitable and dangerous that it will die a natural death.

This is particularly true in larger communities, where a stranger's presence is not so apt to be questioned as in a small town or village. The check thief has known how to take full advantage of the comparative anonymity and more abundant opportunities offered by towns and cities. He may enter large apartment and tenement houses without exciting curiosity, penetrate to batteries of mailboxes set deep in dark hallways, and work virtually unmolested. Very often his task is made easier by old-fashioned boxes which require no forcing at all, boxes with broken locks, and boxes left open by careless tenants.

The amazing carelessness and credulity of many otherwise businesslike merchants have been another aid to the check thief in enriching himself at the public expense. The magic imprint of the Treasury of the United States on the face of a check inspires confidence, but many businessmen carry this confidence to an extreme by assuming that no possibility of fraud can exist where a government check is involved. They honor these checks without question and on the most superficial identification, to learn to their subsequent

Digitized by Google Original from UNIVERSITY OF MICHIGAN

sorrow that a forged endorsement on a government check makes it as valueless as any other instrument of exchange falsely endorsed.

Naïve and overtrustful merchants of this kind provide the Secret Service with a perpetual problem, for they are the chief source of cash for the check thief in passing the checks which he has stolen and forged. The Treasury Department has warned individuals never to cash government checks unless the endorser is personally known to them or presents positive identification. Nevertheless, thousands of checks are cashed daily on the strength of social security cards, lodge cards, envelopes bearing the payee's name and address, and other forms of identification which are not positive and which can readily be faked. Most of these checks, to be sure, bear genuine endorsements and are presented by persons rightfully entitled to them. But the opportunity for the thief and forger to convert his booty into ready cash is enhanced by the easygoing attitude of the public in accepting a Treasury check without careful identification, simply because it is issued by the Government.

The ease with which a government check may be cashed was demonstrated by a young thief recently in a St. Louis haberdashery store. Entering, he dawdled about the store for a few minutes, and finally halted at the necktie counter.

"Just looking them over," he explained to a salesman with a disarming smile. "I'd like to buy some now, but I'll have to wait until my government check comes tomorrow."

"Well, drop in then and pick out a few," the unsuspecting salesman suggested. "We'll be glad to take care of you."

The youth jauntily entered the shop on the following morning, selected a few neckties, and presented a government check for $75.38. "Remember me?" he smiled. "I was in here yesterday. Just got paid."

"Sure do," replied the salesman, tendering him a pen with which to endorse the check.

The neatly executed fraud netted the thief a profit of over seventy dollars and victimized the store for a corresponding amount. The Government refuses to make good on losses arising from the acceptance of forged endorsements, and with reason places the burden of identification on the individual accepting the checks for payment.

One New York thief, crippled and forced to use crutches, had no difficulty in passing scores of stolen checks in business establishments in New England and the state of New York, even though

Digitized by Google Original from UNIVERSITY OF MICHIGAN

merchants in that area had been warned repeatedly to keep a wary eye open for him and his deformity made him extremely easy to identify. Secret Service agents followed his trail through half a dozen states and finally arrested him in Connecticut. Questioned, he boasted of the always incredible ease with which he had been able to cash in on his pickings.

The Treasury Department's oft-reiterated admonition that no checks should be cashed unless the endorser is personally known or adequately identified is based on sound common sense and experience—sad experience for the majority of those involved in check-cashing episodes. The resourceful check thief has myriad ways of obtaining identification which will be convincing enough for most businessmen. Ration books may be obtained in large communities merely by applying for them in the name of the payee whose check has been purloined. Metal social security plates may be made up in the victim's name for a few cents in many hardware, novelty, and department stores. And there have been cases where draft cards have been obtained and completed with whatever names and personal characteristics were necessary to cash stolen government checks. The only positive identification is acquaintanceship with the endorser, and the only safeguard open to the merchant is to make payment only to known endorsers in person.

In January, 1944, a boy-and-girl team was arrested in Washington, D.C., for the theft and illegal endorsement of eighteen government checks. Federal agents found a tack hammer and bottle opener, used to jimmy the mailboxes, in the girl's possession, and eighteen social security cards bearing the names of government check payees in the possession of her male collaborator. The pair admitted that very rarely had they been called upon to present any more definite identification than this, obtainable on application by letter to the Social Security Board.

Even simpler was the method employed by a gang of twenty-six mailbox raiders in Detroit, who derived a regular and lucrative income from stealing and cashing allotment checks until they were caught by Secret Service agents. Working with methodical thoroughness, they divided the city into districts in accordance with the normal arrival dates of government checks, and combed each neighborhood with a fine comb, hard on the heels of the postman.

Every detail was taken into consideration. Other mail was stolen from the rifled letter boxes as identification in cashing the checks,

Digitized by Google Original from UNIVERSITY OF MICHIGAN

and after fraudulent endorsements had been made by two expert forgers in the group, the checks were cashed in Detroit department stores by male and female members of the gang. In almost every case, presentation of an old self-addressed envelope with a postmark was accepted as sufficient identification by obliging merchants.

The gang was smashed when complaints from citizens who had failed to receive their monthly allotments were transmitted to the Secret Service by local police authorities. A month of careful surveillance by agents, local police, and post office inspectors, and frequent comparison of forged endorsements with known specimens in Secret Service files led to the identification and arrest of several members of the organization, who incriminated the remaining members of the group.

In striking contrast to the widespread carelessness of many of his colleagues, the alertness of John D. Rubenstein, a Dayton, Ohio, storekeeper, stands out as an encouraging example of how public co-operation can help beat the check thief and put him behind bars. Rubenstein became suspicious when an eighteen-year-old boy entered his store and presented a fifty-dollar allotment check for payment. As identification, the youth offered a selective service registration card which he claimed was his father's.

Rubenstein went through the motions of examining the contents of his cash register and informed the boy that he was unable to cash the check at the moment, but would be glad to do so later in the evening. The youth departed, and Rubenstein immediately communicated his suspicions to the police. When the youthful forger returned a few hours later, Secret Service agents were in wait for him.

Panic-stricken, he confessed that he had removed the check from a mail sack a few weeks before, while working as a temporary employee in the Dayton post office during the 1942 Christmas rush. He likewise admitted that the selective service card he had presented to Rubenstein as identification was one of twenty blank cards which he had pilfered from his local draft board while ostensibly seeking information on his draft status. He had unsuccessfully attempted to use these cards, prior to his encounter with the alert storekeeper, to cash another check and a war savings bond which he had removed from mail bags at the post office. The Secret Service agents were quick to give the storekeeper the lion's share of credit for taking another check thief out of circulation and simul-

Digitized by Google Original from UNIVERSITY OF MICHIGAN

taneously clearing up the series of mysterious post office thefts for which the boy had been responsible.

Cases of juvenile delinquents engaging in check stealing and forgery, after the manner of Mr. Rubenstein's visitor, are prevalent enough to constitute a major problem in themselves. Two teen-age girls in East St. Louis, Illinois, cleared $360 over a period of a few weeks in the winter of 1943 by prying open mailboxes with a screwdriver and making off with the contents. Their technique consisted of following the letter carrier on his route and attacking the boxes as soon as he had continued on his rounds. Endorsements were forged by their mother, who likewise put a matronly appearance to good use in persuading shopkeepers in neighboring communities to cash sixteen checks stolen by her precocious daughters before the trio fell afoul of the law.

On another instance the ambitions of a seventeen-year-old boy in Metropolis, Illinois, to become the best-dressed "zoot-suiter" in town terminated in his donning the less colorful blue denim of the Illinois State Penal Farm for a year. The victim was his own sister.

On the day when the check was expected to arrive, the boy presented himself at the Metropolis post office and asked if there were any mail for his sister. He was handed several letters, among them the familiar brown government envelope containing his sister's allotment check for $288, which he promptly appropriated.

His next step was to forge a note from his sister, addressed to the local bank, stating that she was unable to get down to the bank in person, and requesting that the check be cashed and the money delivered to her brother. The bank teller was acquainted with both sister and brother, and saw no reason to question the authenticity of the note when it was casually handed to him with the check.

The lad almost lost his composure when the teller glanced severely at him and said: "Young man, this check is improperly endorsed." His fears were quickly allayed, however, when he was instructed to return the check to his sister for proper endorsement.

"She must be getting a little careless, I guess," he murmured as he retrieved the check. At a near-by soda fountain he made the necessary corrections, and, after loitering at the fountain for a convincing interval, returned to the bank and again tendered the check in payment. This time he was successful, and with almost three hundred dollars in his possession lost no time in making a beeline for the nearest haberdasher's.

Digitized by Google Original from UNIVERSITY OF MICHIGAN

He emerged from the store an hour later, a portrait of flamboyant, sartorial elegance which the most extreme jive addict might have envied. For a few brief hours he ruled the younger set of Metropolis like an oriental potentate, basking in the admiration of the feminine members of his retinue and the envious glances of his male cohorts as he led them on a lavish round of movies and soda fountain bacchanalia.

Ominous reports soon began to filter in to him through the roseate haze of momentarily unlimited wealth and adulation in which he was immersed. Tradesmen and friends of his family had communicated the news of his sudden opulence to his parents. His sister had inquired for her government envelope at the post office and been informed that he had called for it in her name. Embarrassing explanations were on the way, he knew, and the moment was ripe for a graceful exit. He exited.

Excusing himself from his companions, he made for the bus station and purchased a ticket for Rock Island. But the luridness of the attire which had made him the Beau Brummel of Metropolis was to contribute to his undoing. A hasty police survey of local shops disclosed which haberdasher had sold the lad the clothing, and the description of his attire was telephoned ahead to Duquesne, Illinois, on the route to Rock Island. Garbed in a manner which would have made him conspicuous under any circumstances, the boy was identified without any trouble by the Duquesne police and bundled back to Metropolis under escort.

Because of his youth he was spared a penitentiary sentence and committed to the State Farm. In his case, the motives which actuated him in the check theft could hardly be termed those of a criminal, but his escapade stressed once again the ease with which government checks may be obtained and negotiated by unauthorized persons.

In running down check thieves and forgers and bringing them to justice, the Secret Service has evolved techniques which are thorough and efficient. In minor details they are adapted to the particular idiosyncracies of each case, but in their broad outlines they conform to a tested and successful pattern.

As soon as the theft of a government check is reported, either directly to the Treasury Department or through banks and local law enforcement agencies, an immediate search of Treasury records is made to determine whether the check has been paid and returned to the issuing office. If Treasury records indicate that payment has

Digitized by Google Original from UNIVERSITY OF MICHIGAN

not yet been made—a rare occurrence, because check thieves normally dispose of their plunder before the loss is noticed and reported—a stop notice is sent to banks. Where the check has been cashed, photostatic copies of face and back are made when it returns to the Treasury, and these are distributed to regional offices of the Secret Service in every part of the country.

The regional agents in the area where the theft has taken place immediately interview the payee and determine the physical characteristics of the case. The check may have been stolen from a mail sack or mailbox, or may have been taken from the recipient's person or home after delivery. By careful investigation and questioning the agents bring minute details to light which often narrow the field down to the characteristic handiwork of a particular criminal and help bring the case to a successful conclusion within a short time.

Moreover, interrogation of the payee either eliminates or establishes the possibility of dishonesty on his or her part. Numerous instances have been reported where recipients of government checks have attempted to obtain a second check by feigning the fictitious loss of the original. Not one of these schemes has been successful so far, nor could any scheme of this type succeed in evading the elaborate safeguards with which Uncle Sam surrounds the issuance and redemption of every one of his obligations. Nevertheless, a few incurable optimists lay themselves open to heavy penalties each year by making a try. The routine, preliminary Secret Service investigation quickly sifts legitimate claims from the fraudulent.

The interview with the payee is followed by a visit to the last endorser appearing on the back of the check, usually a bank, and from that point the agents backtrack along prior endorsements, verifying the authenticity of each signature until the forgery is reached. Very frequently the person innocently accepting a stolen check may be a hotel or rooming-house keeper, for a favorite device of the check thief and forger is to rent a cheap room and offer a large government check in payment, pocketing the balance after the small rental for a week has been deducted.

From the victim of the forger the Secret Service agents obtain a description of the thief, which is distributed to banks, stores, and police officers in the vicinity. At times this procedure is unnecessary, for the description of the swindler's person, mannerisms, and methods may point unmistakeably to some known criminal. Whether the latter's identity is immediately known or not, however, it be-

Digitized by Google Original from UNIVERSITY OF MICHIGAN

comes no more than a matter of time before the thief is apprehended and an end is put to his activities.

Secret Service files contain dossiers on check thieves who have succeeded in stealing and passing as many as seventy-five checks, for a total of several thousand dollars, before they were caught. Among them are the case of a Philadelphian who netted $2,400 over a period of a few weeks from sixty stolen items, and of a gang of young hoodlums in Texas whose income from a hundred pilfered checks exceeded $3,000.

Happily, such cases are rare. Once the theft of a check has been reported, the Secret Service moves so rapidly and efficiently that the average thief is unable to make off with more than a few checks before he is brought to book. Crime rarely pays in any episode involving the Treasury Department's sleuths.

A case in point was the roundup of nine check thieves, including two women, who for months had been looting hundreds of mailboxes in New York's crowded Harlem. The thefts began to come to light in the summer of 1942, when local police stations were deluged with complaints that mailboxes had been forced and the contents removed. All indications pointed to the work of a well-organized gang, and Secret Service agents were at once assigned to run it down, with the co-operation of postal inspectors and the New York police. Merchants were warned to exercise more than usual care in cashing government checks and to communicate any suspicious circumstances to the authorities, and a close watch was kept on mailboxes in the areas from which regular thefts had been reported.

Finally the vigilance of the agents was rewarded when several men were seen to enter a large apartment house with flashlights jutting from their pockets. The Treasury agents followed, found that they had pried open several mailbox flaps, and immediately placed them under arrest. On information supplied by the prisoners, other members of the gang were seized as they attempted to pass off their forgeries in Harlem stores.

The methods of the gang adhered to a pattern of mailbox thievery all too familiar to the agents. Several of its members would visit neighboring apartment houses immediately after mail deliveries had been made, go to work with screwdriver and flashlight, and jimmy every box containing the familiar brown official envelope which might indicate the presence of a check. Thereafter it was a simple

Digitized by Google Original from UNIVERSITY OF MICHIGAN

matter to make the rounds of liquor stores, bars, grills, groceries, haberdashers, and small department stores and negotiate the checks on the strength of forged identification cards of one kind or another. Where checks were made out to women as payees, they were turned over to female members of the organization for conversion into cash. The total booty of the gang ran into many thousands of dollars before its activities were interrupted and its members sent to the penitentiary for heavy terms.

A year later, intuition and efficiency aided the Secret Service in smashing another ring of mailbox thieves who had functioned with great success for several weeks. Likewise operating in New York, this group was responsible for the disappearance of hundreds of badly needed allotment checks from mailboxes in the northern part of the city. The only clue by which the federal agents could guide themselves was that many checks had been cashed in neighborhood stores by a dark, flashily dressed youth who had occasionally spoken with pride of his luck at the race tracks.

To find a person of this meager description among New York's teeming millions seemed an impossible task, but the Secret Service was equal to it. The usual, routine precautions were taken of maintaining a close watch on mailboxes and of warning tradesmen to require positive identification when checks were presented for payment. Thereafter the most promising field of operations for the agents seemed to be neighborhood bookmaking centers and race tracks in the vicinity of New York, and Treasury Department sleuths were assigned to investigate these possibilities.

For ten days one of the operatives visited the Jamaica track on the seemingly impossible mission of picking out of the crowds a man whom he had never seen, and whose counterpart anywhere—and at a race track in particular—might be numbered in the thousands. Then it happened. The agent watched a dark-haired youth make his way to a mutuel window. Operating on nothing more than a hunch, he approached the youth and laid a hand on his shoulder.

"Finally caught up with you, didn't I?" he casually remarked.

"What yuh mean? I ain't done nothing!" spluttered the suspect. "You can't pin nothing on me!"

The youth's reaction convinced the agent that he was on the right track. He decided on a shot in the dark, and replied: "You bet we can. Somebody's squealed on you." The torrent of profanity and abuse which followed left little doubt that here was one

Digitized by Google Original from UNIVERSITY OF MICHIGAN

of the men for whom the agents were seeking. The youth was placed under immediate arrest, and at the police station angrily identified the remaining members of the gang.

An AWOL sailor was the source of a brief epidemic of check stealing in Chicago and of considerable embarrassment and woe for his newly acquired wife and father-in-law. Shortly after he reached the Windy City on an unauthorized furlough from a west coast base, the sailor took unto himself a mate and launched merrily out on a honeymoon which lacked nothing—except the wherewithal to defray expenses.

Like many another before him, he found the solution to his problem in other people's allotment checks, which he extracted to the value of $1,120 from Chicago mailboxes. The only remaining problem, how to turn this little nest egg into hard cash, was obligingly solved for him by his father-in-law when he innocently agreed to vouch for the sailor at a local bank and serve as second endorser on the checks. The first endorsement on each check was readily supplied by the thief himself.

For a few weeks, all was well in the mariner's happy household. But as complaints of undelivered checks poured in on the Treasury Department, Secret Service agents took up the investigation, and finally were able to inform the astonished father-in-law that a forger and thief had married into the family. Attempting to telephone his daughter to apprise her of the situation, he was answered by the sailor in person and harsh words ensued. Taking his cue from the sulphurous language filtering over the wire to him, the sailor hastily packed his possessions and beat a rapid retreat. He was arrested a few weeks later while working as a garage mechanic in Texas and was turned over to the Navy for court-martial on charges of desertion, theft, and forgery.

Another deserter, this time from the Army, was responsible for a novel variation of the government check racket. Unfortunately for him, his ingenuity fell within the purview of the Secret Service and FBI, and his career was short-lived.

The racketeer utilized his uniform, a book of blank checks, and the gullibility of man to excellent advantage throughout the country, until he came a cropper on the Secret Service's efficient distribution of handbills.

With a rubber stamp made from a toy printing set bought in a five-and-ten-cent store, the resourceful soldier imprinted "Quarter-

Digitized by Google Original from UNIVERSITY OF MICHIGAN

master's Bank of the United States Army" on each of his blank checks, and managed to pass them off on small tradesmen without difficulty.

He might have continued this lucrative practice indefinitely, had the Secret Service not learned of a past history of tuberculosis. This information and the deserter's description were distributed, handbill fashion, to hospitals and also printed in the *Journal of the American Medical Association*, with a request that the Secret Service be informed at once if the soldier should seek medical attention for his ailment.

Some months later a man answering to the swindler's description entered a doctor's office in a small Kansas town and requested a chest X-ray. The X-ray was made and he was instructed to return later for a report. As he took his departure, he handed the doctor as payment a ten-dollar check drawn on the "Quartermaster's Bank of the United States Army." It happened that the doctor was a regular and alert reader of the medical journal.

When the soldier returned as instructed, it was to find two Secret Service agents awaiting him. Before he was turned over to the Army for treatment and trial, he was asked why he had never varied his racket instead of constantly using the "Quartermaster's Bank" technique. His answer was no tribute to the public.

"What for?" he sneered. "I never had any trouble cashing those phony checks. You'd be surprised to see how many suckers there are in this country."

Not all government check thefts originate in mailboxes and mail sacks. Many take place after delivery has been made to the payee, and in the great majority of cases the loss of checks can be traced directly to the carelessness of the public.

A Baltimore woman had five allotment checks abstracted from her pocketbook while paying a bill at the local utilities company, and immediately reported the loss to the Secret Service. Within a week all five checks, fraudulently endorsed, had cleared Baltimore banks and been returned to the Treasury Department. The Secret Service man who was assigned to find the thief in a city of one million inhabitants had an unenviable assignment, but did full justice to the traditions of his organization.

His first step was to visit the utilities company, where, by careful study of the time stamps on each bill, he was able to ascertain the names of the five persons who had paid bills immediately after the

Digitized by Google Original from UNIVERSITY OF MICHIGAN

woman, and who, presumably, had been standing in line directly behind her. The operative next visited stores whose endorsements appeared on the checks and was informed that all of them had been cashed by a young woman who was known to the tradesmen by sight, but not by name.

Further investigation eliminated four possibilities from among the five suspects, and narrowed the search down to one woman. The agent learned that she had recently sought a civil service job, having obtained her application from the Baltimore office of the Civil Service Commission. When the handwriting on the application was found to correspond in every respect with that on the checks, the case was closed. The woman now faces indictment by a grand jury for theft and forgery.

Another allotment check, carelessly thrown on a boardinghouse table in Washington, was plucked up by a bogus itinerant preacher who simultaneously headed his automobile northward in the direction of Philadelphia. The loss was detected quickly enough for Washington police to telephone Philadelphia and ask authorities in that city to keep a watch for the "preacher's" car and hold him on suspicion of having committed a felony. The thief, for such he proved to be, was arrested while driving at the head of a funeral procession, flanked on either side by a motorcycle police escort.

A curious twist was given to check thievery by a versatile craftsman who profitably combined usury with pocket picking in a government arsenal in New England. Employees of the plant were paid in person and habitually dropped into a near-by tavern on paydays to cash their checks and slake their thirsts with a beer before continuing homeward.

The tranquillity of this Saturday night ritual was rudely broken by a series of mysterious pocket-pickings which steadily grew in frequency and proportions. While the thief showed a preference for cash and bills, he was not averse to the government paychecks collected earlier in the afternoon by the workers. Secret Service agents were notified, and a probe of the mysterious occurrences was begun.

Suspicion soon turned to one individual who had invariably been present when pockets were picked, and he was detained on an open charge of investigation. After persistent questioning the suspect admitted his guilt, and likewise admitted that he had been in the habit of lending money at usurious rates to co-workers who had

Digitized by Google Original from UNIVERSITY OF MICHIGAN

found themselves in a difficult situation because of his light-fingered activities. The pickpocket was indicted for theft and forgery, and is now serving a term of several years in a Massachusetts prison.

To enlist public co-operation to the fullest in the incessant war against check thieves, the Secret Service has launched an extensive educational program under the slogan of "Know Your Endorsers." Co-operating in the campaign are the Office of Dependency Benefits of the Army, local police departments, banks, schools, newspapers, radio stations, and business and industry.

When the Office of Dependency Benefits mails out checks today, they are often accompanied by slips of paper which describe to addressees the best method of protecting themselves against racketeers. Similar advice is published in servicemen's publications such as *Yank* and *Leatherneck,* and servicemen are urged to aid in the campaign by clipping out printed warnings and forwarding them to their relatives.

The Secret Service campaign stresses a few simple rules which will make it difficult, if not impossible, for the check thief to profit at the public expense. As outlined by Frank J. Wilson, Chief of the Secret Service, they are as follows:

Have some member of the family at home when the checks are due to arrive. Be sure your name is printed clearly on the mailbox. Make it a practice to cash your checks at the same place each month because this will make identification easier and more positive. Do not endorse your check until you are in the presence of the person whom you will ask to cash it.

Another set of rules, which Chief Wilson has drawn up for the guidance and protection of businessmen, contains the following admonitions:

When a stranger asks you to cash a check, insist that he properly identify himself as the rightful payee of that check. Before accepting any check, ask yourself this question: "If this check is returned because of a forged endorsement, can I locate the forger and recover my loss?" If a check is already endorsed when presented to you, insist that it be endorsed again in your presence and compare the handwriting. Have each check initialed by the employee who pays out the money for it. *Know Your Endorsers!*

Digitized by Google Original from UNIVERSITY OF MICHIGAN

7. The Perennial Brides

TWO American sailors chat amiably in a British waterfront pub. Strangers a few minutes before, they have been drawn together by a common nostalgia and the free and easy cameraderie of servicemen everywhere.

"Wonder what the Missus is doing," one of them remarks dreamily. "I sure wish I was back in Norfolk with her right now."

"I know just how you feel, pal," sympathizes the other. "I've got a wife in Norfolk myself. Haven't seen her in almost a year."

"Just a bit over a year since we got married," continues the first. "Dot and I got hitched in a hurry a couple of days before I had to ship out. That made it kind of tough on both of us. I sure do wish I could see her now." He reaches into his wallet and extracts a snapshot. "Here she is. Isn't she a honey?"

"Sure is," replies his companion mechanically. He abruptly reaches out for the photograph and regards it with growing stupefaction. "Why, you —— that's my wife!" he shouts indignantly as he seizes the other by the arm. "Where did you get that picture? I'm going to knock your goddam block off!"

The sailor tries to pull away. "You're crazy! Let go of me before I bust your face in! That's my wife, I'm telling you!"

His outraged companion produces another snapshot. "Take a look at that. I suppose that's your wife too, isn't it?"

"It sure is!" comes the anguished rejoinder. "Why, you dirty, two-timing ——!"

Shore patrolmen close in on the sailors and separate them before the brawl ends in massacre. As they cool off, the two sailors compare notes and come to the conclusion that they are married to the same woman. And, moreover, that they married her within a few weeks of one another. They report the matter to their superiors.

Back in Norfolk, Virginia, seventeen-year-old Elvira Tayloe readily admitted having married the two sailors, and confessed to four other marriages without benefit of previous annulment or divorce. As a hostess in one of Norfolk's hotter night spots, she had no trouble in meeting scores of gobs and concentrating on those who were about to ship out of the teeming naval base. The most likely and susceptible prospects soon found themselves before a par-

Digitized by Google Original from UNIVERSITY OF MICHIGAN

son or justice of the peace, and thereafter at regular intervals Elvira would find one allotment check per spouse awaiting her in the morning's mail. She was about to lead a seventh windfall to the altar when her polygamous career was brought to a rude end by the authorities, as a result of the chance meeting of two of her mates overseas.

Elvira, far from being a unique case, was but one of the army of "Allotment Annies" to whom a few trips to the altar with servicemen have brought multiple dependency allowances and easy living. Invariably pretty and seductive, these young harpies have swindled the Government out of thousands of dollars and brought heartache and disillusionment to hundreds of servicemen.

A soldier or sailor about to ship out is an easy target for their wiles. Miserable, bewildered, not knowing when he will return or whether he will return, the serviceman longs to leave something of himself behind—something to which he can return and something which he can call his own. For most, family ties are insufficient. "Allotment Annie" is well aware of that, and knows that in such a frame of mind the serviceman will fall an easy prey to her charms and professions of undying devotion. A few weeks, or even a few days of concentrated coquetry, and "Allotment Annie" may look to another blue-green government check beyond the orange blossoms.

Under the current dependency plan, a serviceman makes a monthly assignment of twenty-two dollars of his pay to the maintenance of his wife. To this, the Government contributes twenty-eight dollars, for a total of fifty. Any "Allotment Annie" willing to hustle a little and take unto herself a mere half-dozen husbands—all foreordained to absenteeism—may bask in an income of several hundred dollars a month without greater effort than occasionally opening the mailbox.

And if Allotment Annie's luck is in inverse proportion to her husbands', she may count on attractively fat insurance benefits from time to time. One enterprising young miss collected nearly $42,000 in allotment and insurance payments by restricting her marital ventures to Army aviators and gambling on the high mortality rate among combat fliers. She generally won.

Very much alive to Allotment Annie's existence, the Government has surrounded its dependency benefits with many safeguards calculated to protect the serviceman and make polygamy less profitable

Digitized by Google Original from UNIVERSITY OF MICHIGAN

for the perennial brides, including a thorough investigation of the background of women planning spur-of-the-moment marriages with servicemen and of wives who have lived with their recently acquired soldier and sailor husbands only for brief and irregular intervals. Nevertheless, whether she is incapable of understanding the enormity of her offense, whether the possibility of exposure seems too remote to be of concern, or whether easy pickings outweigh possible penalties, Allotment Annie continues to trip blithely up and down the church aisle, careless of the retribution which awaits her should she slip.

One of the most startling cases of an Allotment Annie on the marital rampage was that of Korine Labyatt Hopkins Coffey Sperrow Fitze Barker Stormanns Patchess Neuman Zerich Williams Osworth Horn Galvin Stankowich—née Buckner. Early in 1944 this attractive, red-haired dress designer of thirty-five summers ingenuously informed FBI agents in Detroit that she had acquired "Korine Buckner" at the baptismal font, and the remainder of her names through marriage. In every instance she had dispensed with the formality of divorce before proceeding from one nuptial venture to the other.

The flabbergasted sleuths weakly totted up the total and found that Korine had acquired fifteen mates in less than ten years. She vaguely recalled a sixteenth journey to the altar, but was hazy about the details. "Let me think a minute," she brightly asked the G-men, and proceeded to enumerate her spouses on her fingers. "Honestly, I just can't remember whether there was another one or not."

That was Korine all over—pleasant, amiable, co-operative, but a little absent-minded about her multitudinous plunges into matrimony and just a little surprised that they should attract so much attention. "I am very much alive," she told the agents, "and I don't think there is any explanation for what a woman will do when she is very much alive."

Not all of Korine's fifteen mates were synonymous with allotment checks for her. Her first eleven marriages had taken place before the outbreak of war, and were perhaps best explained by her father when agents asked him if he could account for his daughter's errant ways. "I guess that was just about the easiest way for her to get rid of the men who were pestering her to marry them," was his calm rejoinder.

As Korine described it, her first marriage was celebrated in De-

Digitized by Google Original from UNIVERSITY OF MICHIGAN

troit, circa 1934, and quickly ended in separation. Undismayed, she tried again—and again and again and again. "I guess I must have gotten married pretty near all over the country," she commented, "wherever I happened to be at the time." Urged to proceed with her narrative, she inclined her head for a moment in an attitude of deep thought. Suddenly looking up, she described one of the few reefs on which her matrimonial argosy had run. "I remember it especially well because that was the year I married two husbands—I think," she tittered.

Korine had met an eligible young man at a fashionable watering place and had immediately set her cap for him, which, to her manner of thinking, was synonymous with another trip altarward. The young man, apparently, had other ideas on the subject and successfully resisted all her blandishments and charms. Korine decided that any means were justified by the end she had in mind.

Strolling arm-in-arm along the boardwalk with her unwilling victim, she pointed seaward to a long, sleek yacht which lay at anchor in the bay and casually remarked that it was hers. Before the evening was out, Korine's fantasy had likewise endowed her with a bankroll of several thousand dollars, an overflowing jewel box or two, and a luxurious hunting lodge in the northern hills. The young man began to revise his ideas on married bliss with Korine.

"The worst of it is, though," she went on, "I fall into $25,000 if I get married by Christmas, and I haven't found a man yet I'd care to marry."

Ardor burned brightly in her now devoted swain's breast, and after a brief, whirlwind courtship, the two were married before a justice of the peace.

The young husband had a rude awakening within a week, as Korine's prattling revealed one startling detail after another. Far from being the wealthy heiress she had pretended to be, Korine could lay claim to nothing more than a few dollars in change and a long train of husbands who had preceded him.

"He must have got mad or something," Korine continued. "One day he got up, took a long look at me, and went out. I haven't seen him since."

With all her seeming naïveté and ingenuousness, Korine was worldly enough and alert enough to know that her bent for multiple marriage could be turned to a pretty profit as khakis and blues became more prevalent around her. In New York she selected an able-

Digitized by Google Original from UNIVERSITY OF MICHIGAN

bodied lad with a low draft number and, after the usual ceremonies, settled down with him in polite housekeeping. Korine admitted that she had lived longer with him than with any previous mate, but her bondage was ended one day when her husband was inducted and assigned to a camp in Texas. In due course, Korine's allotment checks began to arrive with gratifying regularity. Transferring her operations to Detroit, Korine had three wedding bands slipped on her finger on three separate occasions by as many unsuspecting Marines, and, one by one, merrily bade them adieu.

With four allotment checks in her mailbox each and every month, Korine's material cares were reduced to a minimum for a brief and pleasant interval. At length the Office of Dependency Benefits discovered that it was mailing several checks each month to a beneficiary whose description on the records indicated that she was the legal wife of four servicemen. The FBI was asked to look into this peculiar state of affairs, and quickly turned up enough evidence to arrest Korine on a charge of having violated the Servicemen's Dependency Allowance Act by fraudulently receiving benefits to which she was not entitled.

Arraigned before Judge Frank A. Picard in Detroit Federal Court, she was asked how she wished to plead. Korine seemed a little confused by the turn which events had taken, and confessed to an inability to plead in any direction.

"In a way I am guilty—and in a way, I am not," she informed the jurist as she nervously twisted her latest wedding ring.

A plea of not guilty was entered on her behalf and bond of $4,000 set to ensure her future appearance in court. Korine's finances were so depleted by her erstwhile luxurious living that she was unable to meet a hundredth part of the bond. Professional bondsmen showed no desire to have anything to do with the case.

Korine was promptly clapped in jail, but not for long. Learning of her plight, a twenty-four-year-old Marine who had been one of her most recent marital acquisitions came dashing to the rescue. Collaring an FBI agent, he informed him: "Korine is a fine little woman even if she is a bit absent-minded. She treated me better than any woman I've ever known, and I'm going to do what I can for her."

That was the secret of Korine's success, apparently. She was equally devoted to all her innumerable husbands, and played favorites with none of them to the exclusion of the others.

Digitized by Google Original from UNIVERSITY OF MICHIGAN

The still enamoured Marine was unable to post the required security. Undismayed, he obtained the names and addresses of Korine's remaining servicemen husbands and wired them the details of her plight. Within short order enough money was available to persuade even the most dubious bondsman that here was a worthy case, and Korine was temporarily free.

On June 9, 1944, Korine was indicted by a federal grand jury and brought to trial three weeks later. Just prior to the opening of the trial she was examined by psychiatrists at the request of her lawyer, and pronounced completely sane, albeit the alienists added the purely gratuitous observation that she was "an exceedingly impulsive individual who appears to be more readily actuated by emotion than by judgment."

Several of Korine's former neighbors, appearing as witnesses, summed up her fatal fascination for the opposite sex in more routine terms. "She was a girl who sure had a way with the men," commented one. "Every time the husband I knew left her, he used to bow from the waist and say, 'Duchess, I'm nuts about you.' Then he would drop his knee to the floor and blow her a kiss. She never went in for women friends, but she sure had the men chasing after her."

Korine was found guilty and incarcerated in the local jailhouse pending sentence. There, numerous proposals of marriage reached her from all parts of the country. A Texas war plant inspector addressed his billet-doux to "The Marryin' Gal, County Jail, Detroit" and wrote:

"Dear Korine— In case you ever become free again I would like to become husband No. 17, for you are just my type of girl. If you ever left me for another man, I wouldn't be disappointed like most. I would understand you."

But Korine's answer will have to wait until she completes the two-year term in a woman's reformatory which was meted out to her, together with a $2,000 fine.

Available information seems to indicate that Korine's title to having been the most-married woman in the United States may stand undisputed for a long time; but if it should ever be taken from her, the chances are that Mrs. Vivian Eggers, blue-eyed, thirty-four-year-old blonde from Kentucky, will do the taking.

Vivian had married seven servicemen before the police of Columbus, Ohio, picked her up for drunkenness and disorderly conduct

Digitized by Google Original from UNIVERSITY OF MICHIGAN

in August, 1943, and learned of her polygamous profits in allotment checks. The case was turned over to the FBI, and in a statement which she made to authorities, Vivian admitted that she had led three servicemen into matrimony shortly before Pearl Harbor, and four more thereafter.

Her first marriage took place in Columbus, and the two succeeding ventures had their locale in Louisville, Kentucky. She married Husband No. 4 at an undisclosed point in December, 1942, and followed with a fifth plunge in Yuma, Arizona, a month later. Husband No. 6 was acquired in February, 1942, in the same community, and the record was topped off about a year later by a seventh sacrifice in Louisville.

Vivian proudly informed the FBI that she possessed eighteen aliases, including the seven cognomens acquired before justices of the peace or at the altar. A quick check of her antecedents, and of her anatomy, revealed this to be perfectly true. Vivian's proud boast was corroborated by the FBI's investigation of her past movements and by a register of former husbands tattooed on her left arm. Rolling up her sleeve, Vivian proudly exhibited a column of initials which followed the word "Love," indelibly printed on her skin. "It gives me something to remember them by," she murmured as she rolled the sleeve back into place.

Confronted with a mass of irrefutable evidence attesting to her marital misdemeanors, Vivian pleaded guilty in Arizona to having obtained allotment checks by fraudulent means and was sentenced to a term of eighteen months in prison. She made no attempt to justify her misdeeds, other than to admit naïvely that perhaps she had done wrong in remarrying so often without having taken the precaution to obtain a legal severance of previous marriage bonds in each case.

A study of hundreds of Allotment Annies tends to indicate that their departure from the straight and narrow ways of monogamy is an outgrowth of inadequate parental supervision during childhood. "They must be conceded to be products of broken homes, irreligion, and of a too zealous pursuit of the cult of pleasure," was the way Justice Matthew F. McGuire, of the District of Columbia Federal Court, summed up this conclusion in the case of twenty-two-year-old Grace Vivian Reinert. The pretty young waitress was arrested by the Metropolitan Police Department of Washing-

Digitized by Google Original from UNIVERSITY OF MICHIGAN

ton on January 7, 1943, and was held for grand jury action on a charge of bigamy.

In all, Grace married four times. Her first husband, a sailor, had obtained a divorce shortly before the outbreak of war. Her second husband, a serviceman whom she had met in her native Middle West, was killed in action at Pearl Harbor. Grace came to Washington immediately after his death and proceeded to submerge her grief in a round of parties.

At one of these parties she met an impressionable young machinist's mate, and within five days had persuaded him to say the appropriate "I do" before a justice of the peace. For two weeks they enjoyed untroubled bliss, and at the end of that period abruptly parted company after a violent quarrel. Grace, whose name had been recorded with the Office of Dependency Benefits as the sailor's beneficiary, was assured by her husband that she would receive money regularly for her support, whereupon she packed her clothes and betook herself to Norfolk, Virginia, in search of new worlds to conquer.

There she adopted the pseudonym of Cirrena Elaine Corn, swept a good-looking young sailor off his feet in short order, and married once more. Again Grace enjoyed a short period of marital felicity before the storm broke around her. She had been receiving mail in her own name, instead of in her alias, and this unconventional circumstance had the unfortunate effect of stirring up suspicion in her husband's breast. When persistent questioning finally drew the truth from her, he packed and left. The arrival of his allotment check soon after may have served to assuage Grace's grief and make the parting more endurable. At any rate, she seemed to take it in her stride.

A routine check of allotment records, during which the Government learned that Grace was apparently married to two husbands at the same time, brought a rapid close to her matrimonial meanderings. The FBI was notified and Grace was taken in custody.

For several days Grace was the sensation of the District of Columbia jail as she languidly paraded her charms, becomingly attired in sweater, riding breeches, and boots, from behind the unyielding grillwork of her cell door. Brought into federal court for arraignment, her wiles and wistfulness moved an ordinarily hard-boiled newspaperman who had wandered into the courtroom to aid her in obtaining a lawyer and freedom under bond.

Digitized by Google Original from UNIVERSITY OF MICHIGAN

Grace pleaded guilty at the arraignment, but her plea was rejected by the court. In due time she was brought to trial and convicted on evidence prepared by Bernard Margolius, Assistant United States Attorney, and Martin J. Meenehan, a special investigator for the Government.

Before sentence was passed, her case was referred to probation authorities in an attempt to determine whether her background contained any circumstances which might tend to modify the sentence. A day before she was to have appeared to hear sentence pronounced on her, Grace took suddenly ill and was sent to a city hospital for examination. Within an hour, she had calmly slipped from her guard and exited through the front door—pajamas and all.

Nothing more was heard of Grace until the San Diego police discovered her working as a waitress in the California city. "Why can't you wait until tomorrow?" she pouted at the officers assigned to take her once more into custody. "I'm supposed to go on a hike with the cutest little sailor boy this afternoon." Instead, she went walking with the police and subsequently waived extradition.

The trip across continent to Washington was a long one for Grace and the United States marshals detailed to see that she arrived in the nation's capital safely, but Grace managed to make the time pass pleasantly. On her promise of good behaviour, she was not handcuffed and was given a limited amount of freedom on the train. Content to sit quietly beside the marshals at first, she took to disappearing for brief intervals, and finally, for several hours at a stretch. When discovered by her guards she was usually found at the side of a serviceman, or wandering through the cars casting coy glances in the direction of anyone garbed in khaki or blue. On her return to Washington, the court, with the sad, silent approval of the disillusioned press, committed her to prison for a sentence of one and a half to four and a half years for bigamy.

Although Allotment Annies normally work as lone operators in the allotment check racket, cases have been recorded where they have been aided and abetted by male accomplices.

Federal agents in Boston received an anonymous tip in the summer of 1942 that a twenty-three-year-old soldier was living near Fort Devens, Massachusetts, with a young woman who was not his wife. Under ordinary circumstances this deviation from the established norms of society would have been of no interest to the FBI,

Digitized by Google Original from UNIVERSITY OF MICHIGAN

but in this case, it was reported, the young woman was receiving an allotment check assigned to her by her serviceman paramour.

Investigation revealed that the soldier, Paul Thompson, had recently divorced his wife in Oklahoma and taken up residence with twenty-year-old Alice Haines. Thompson soon found this attractive arrangement a little difficult to maintain on a private's pay, and confected the brilliant idea of squeezing an extra twenty-eight dollars a month out of the Government by having his mistress assume the name of his former wife and filling out an application for dependency allotment accordingly.

To lend authenticity to the claim, Thompson provided Alice with a certified copy of his marriage certificate. The application was approved on August 1, 1942, and for the next thirteen months Alice and Paul found life correspondingly more agreeable. In fact, they found it so agreeable that they could not refrain from communicating their good fortune, and the reasons therefor, to their friends. One of them, indignant, immediately reported the fraud to the authorities.

Thompson and the girl were arrested, and confessed to the swindle. Following a plea of guilty in Boston Federal Court, the soldier was sentenced to imprisonment of a year and a day, and his partner in fraud to a year. "I certainly was a fool to get mixed up in a thing like this," Thompson bitterly told the court as sentence was pronounced on him. The income of the pair from their fraudulent claim had been $868. In return they had acquired the stigma of a prison record.

A somewhat similar attempt to swindle the Government was made by Joseph M. Sullivan, a soldier stationed in Tennessee, when he came to the conclusion that his girl friend, rather than his wife, should receive his allotment. Unaware of his intentions, his wife applied for her allotment at approximately the same time.

The attempted fraud was discovered when the Office of Dependency Benefits received applications from two women apparently married to the same serviceman. Sullivan expressed only surprise when he was called in for investigation. "I never thought my wife would put in for any benefits," he remarked. Apparently he had failed to consider other possibilities as well, including the dishonorable discharge from the Army and the year at hard labor in a military camp which were given him in September, 1943.

At about the same time it was pointed out by Brigadier General

Digitized by Google Original from UNIVERSITY OF MICHIGAN

Harold M. Gilbert, Director of the Office of Dependency Benefits, that the ODB maintains a Field Investigations Branch to uncover cases of fraud involving allotment benefits. Although virtually unknown to the public, this agency has saved the taxpayer more than $3,000,000 since the war began by preventing the payment of allotment benefits to persons not entitled to them.

"It is our responsibility to see that security is provided for those —and only those—who are entitled to it," said General Gilbert.

Which is bad news for the army of "Allotment Annies" prowling the path of the serviceman in search of easy living at so much per marriage.

8. 'Tis More Blessed . . .

SPURIOUS charities have always been a source of easy income for the professional swindler in peacetime. The war has merely enlarged his horizons.

His opportunities for squeezing profit from the innate kindliness of Americans are so limitless today that to enumerate them would be an encyclopedic, if not impossible, task. They run the gamut of every human activity in every part of the world. The serviceman and his dependents down the block, or the victim of famine and war on the other side of the globe, may be the kernel of an idea which will separate well-intentioned and benevolent individuals from their money for the benefit of no one but the racketeer.

The net effect of the swindler's activities is to leave the public disillusioned and suspicious, and make the going harder for legitimate charitable enterprises with perfectly legitimate objectives. Strangely enough, many sincere and painfully honest persons, whose only aim is to help the deserving and unfortunate, have contributed to this public mistrust by the ineptness with which they have handled their charitable ventures.

While not racketeers in any sense of the word, these well-meaning incompetents are as much a threat to the nation's purse and to the prestige and effectiveness of properly managed welfare agencies as any bona fide racketeer. With the nation-wide mushrooming of

Digitized by Google Original from UNIVERSITY OF MICHIGAN

wartime relief and charitable organizations which followed the outbreak of war, the operations of honest, but bumbling, amateurs and dishonest professionals became a matter of such concern that the federal government was forced to step into the scene to protect the public from victimization, intentional or otherwise, eliminate needless waste and misuse of contributions, and aid legitimate relief services to continue functioning with the confidence and co-operation of the public.

On July 25, 1942, an executive order created the President's War Relief Control Board and placed it under the able direction of Joseph E. Davies, former United States Ambassador to Russia. Other members of the board included Charles Taft, son of President Taft, and Dr. Frederick P. Keppel, late president of the Carnegie Corporation, who was succeeded on his death by Charles Warren, noted lawyer and author. Melvin D. Hildreth, Washington attorney, was named as its counsel.

The Board was empowered to authorize, control, and supervise the activities of any agencies intending to solicit and collect donations for wartime relief and welfare purposes. It was also empowered to withhold its sanction and approval from any enterprise which failed to meet the requirements it was to set up in the public interest. Charitable organizations were required to register with the board and demonstrate that they had complied with all its regulations and standards before they could proceed to collect a cent.

For example, potentially unethical or wasteful methods of raising funds for charitable purposes are sufficient to disqualify an applicant for approval. Such methods include misrepresentation, high-pressure solicitation, or a fund-collecting approach in which expenses would be greater than possible receipts. The board likewise withholds its approval where solicitors are employed on a commission basis, or where the declared aims and activities of the applicant conflict with those of recognized organizations such as the American Red Cross, the United Service Organizations, Community Chests, and other established welfare and relief societies.

Because of these safeguards, almost all of the agencies now soliciting and collecting contributions for war relief and other wartime objectives are approved organizations, worthy of the fullest support and confidence of the public. This remarkable record has not been the product of chance. Since it was established, the board has investigated and uncovered many clever swindles, skillfully cloaked

Digitized by Google Original from UNIVERSITY OF MICHIGAN

in high-sounding names and objectives, and turned its findings over to law enforcement agencies for appropriate action.

In the same period it has checked and put a halt to many other projects, some intrinsically honest and idealistic, and some unbelievably fantastic, which were so poorly conceived and organized that whatever contributions they might have gathered in would have served only to defray expenses. Public-spirited citizens with an urge to help less fortunate mortals are not always equipped to cope with the difficulties and intricacies of a successful fund-collecting drive and too often permit substantial contributions to be wiped out by carelessly accumulated liabilities. Others, swept away by their own enthusiasm, are apt to step out of reality for a moment and lose sight of all practical considerations.

The board had an opportunity to see how impractical many would-be sponsors of charitable ventures can be, when it was called on, in 1943, to pass upon the merits of a plan to provide wounded servicemen with attractive vacations in the country. The applicant organization proposed to induce hospitable Americans to open their homes and resorts to servicemen for fees which it would pay. After a few weeks of basking in sunshine at the seashore or inhaling the invigorating air of the High Sierras, the soldier would give way, refreshed and invigorated in mind and body, to another lucky serviceman.

The board inquired how the organization sponsoring the plan intended to obtain the necessary funds to put it into execution. Accustomed as they were to grandiose and impractical money-raising ideas, officials sat up in their seats as the details were unfolded.

The sponsors ingenuously proposed that funds obtained directly by a nation-wide drive should be applied to the production of the "greatest war movie of all time." The proceeds from this colossal motion picture epic would then be used to finance the servicemen's rest homes.

The proponents of the plan painted a glowing picture of millions of dollars pouring into the organization's coffers from the simple application of a quarter of a million dollars in direct contributions to producing the film. Hollywood's best talents would be obtainable, they reasoned, for no star could refuse to appear in such a meritorious and patriotic opus.

The board was unimpressed and withheld its approval from the

Digitized by Google Original from UNIVERSITY OF MICHIGAN

venture as being too speculative. Moreover, it was pointed out, the United States Government and the American Red Cross already were providing whatever services were necessary for the care and rehabilitation of wounded servicemen. The decision of the board in this case, while in no way reflecting upon the good faith and honesty of the sponsors of the project, undoubtedly prevented thousands, and possibly, hundreds of thousands, of dollars from being wasted through injudicious and ineffectual use.

In another typical instance the board was called upon to dissuade a zealous Chicagoan from collecting funds for the relief of Chinese war victims and employing the contributions for purposes other than those originally stated. Here again, no criminal intent was involved. The promoter of the campaign had merely permitted fervor to blind him to the immediate practical needs of his intended beneficiaries.

Providing assistance to millions of Chinese, at the other end of the world, is obviously not a one-man job. Only well-organized services such as the United China Relief, Incorporated, aided by experts familiar with the Orient and with the complexities of relief work, can hope to attack this herculean task effectively. With the Far East suffering from inflation, the purchasing power of money is low, and direct contributions of cash are virtually useless in relieving the distress of the civilian population of China. Only food, clothing, and medical supplies bought in this country and shipped to China can be of much value to the Chinese people; and to acquire, ship, and distribute these supplies requires a complex and efficient organization.

These considerations failed to deter the lone Chicagoan, and, impressed by his obvious sincerity, hundreds of his fellow Chicagoans contributed generously to the drive. Only when he attempted to convert this assistance into concrete aid for the suffering Chinese did he realize how difficult it would be for one person to cope with the gargantuan task.

Faced by the impossibility of obtaining commodities and shipping them on a large scale, he hit upon another outlet for his charitable instincts—to apply the money which had been given him for food and medicine to the printing of hundreds of thousands of religious tracts for distribution to the Chinese people. Ship owners were sympathetic with his objectives, but were unable to give him the

Digitized by Google Original from UNIVERSITY OF MICHIGAN

high-priority shipping space which had been assigned to the transportation of badly needed munitions and essential supplies.

Had the Chicagoan been content to profit by this experience and shelve his project for a more propitious moment, there would have been no need for the board to intervene. But his frequent reappearances as a sponsor of relief collections for China have made it necessary for that agency to convince him, as tactfully as possible, that his energies might be put to better use along other channels.

The watchful board was likewise instrumental in sparing the public victimization from a questionable scheme which flourished briefly in Los Angeles. Its sponsors proposed to provide newly arrived war refugees with food, shelter, clothing, and guidance until they could fend for themselves. Ample funds for a modern, well-equipped shelter and incidental services were obtained by a high-pressure fund-raising campaign.

Checking into the project, the board discovered that only a handful of men had ever been admitted to the premises at any given time. Meals were skimpy and bad, no evidence existed that clothing had ever been distributed to inmates, and records were lacking which might have indicated the use to which contributions had been put. On the strength of data which it compiled, the board felt justified in turning the matter over to the Los Angeles District Attorney's office for prosecution.

Often the line of demarcation between dubious proposals and legitimate, worthy charitable ventures is not so easy to determine as in the preceding case. The board is frequently hard put to decide whether an application for its approval borders on the fraudulent or incompent, or is essentially a sound and honest plan. It invariably finds itself in such a quandary where its approval is sought for ventures involving so-called historical literature.

"Historical literature" includes such immortal documents as the Constitution, the Declaration of Independence, Washington's Farewell Address, and Lincoln's Gettysburg Address. At frequent intervals, individuals and organizations will ask the board to sanction proposals to solicit funds from the public so that replicas of these documents—foundation stones of the American way of life—may be distributed to servicemen as a patriotic service.

The board's problem is to determine whether a reproduction of the Declaration of Independence, deficient in workmanship and done on cheap paper, justifies the five-dollar contribution asked of patri-

Digitized by Google Original from UNIVERSITY OF MICHIGAN

otic citizens so that copies may be sent, free of cost, to Army camps and servicemen's centers. Some would say that it is not. Others would argue, with conviction, that a copy of this immortal document would be cheap at any price. Many civic groups which maintain recreational facilities for servicemen have purchased these replicas and have subsequently complained that their quality and format do not warrant one tenth of the contribution asked.

But if the public is to be protected from the ever present menace of the unscrupulous racketeer or the incompetent, some standards must be adopted and used as a measuring stick in separating worthy projects from those conceived as a source of profit for the sponsor. The board has approached these problems individually, giving its approval in some cases and denying it in others, judging always on grounds of the public interest.

The immortal who said that patriotism was the last refuge of a scoundrel may not have had wartime relief racketeers in mind when he gave voice to that pungent observation, but his words are pertinent to them. Fake war relief organizations are among the hardy perennials which keep the board constantly busy. Knowing that the public is keenly interested in the comfort, welfare, and entertainment of servicemen, a legion of swindlers constantly attempts to defraud the nation by posing as representatives of nationally known, bona fide organizations whose purpose it is to see that the serviceman lacks for nothing which can contribute to his well-being.

Frequently they band into illicit new organizations under names which imply a connection with established veterans' associations and service organizations. On various occasions the American Legion has been forced to disavow a connection with groups purporting, by implication or otherwise, to represent it.

An organization of this kind recently solicited funds in Washington, ostensibly to finance a series of dances for the benefit of wounded veterans of Walter Reed Hospital. Public-spirited citizens and civic groups bought thousands of tickets in the belief that the proceeds of the drive would be used to provide veterans with free cruises and outings on the Potomac River; but, to date, not one patient at Walter Reed has profited from this seemingly laudable project. The Better Business Bureau is now investigating the group and plans to turn its findings over to the United States Attorney's office in the District of Columbia for possible prosecution of the

Digitized by Google Original from UNIVERSITY OF MICHIGAN

sponsors. The probe may show who the real beneficiaries of the scheme have been.

In Buffalo, New York, a similar organization drew the fire of the American Legion when it attempted to exploit the prestige of the Legion in a telephone campaign aimed at selling tickets for "servicemen's benefit dances." The organization claimed to have furnished board and lodging at its headquarters to more than 100,000 servicemen since the war began. A survey conducted by the American Legion revealed these figures to be highly exaggerated. Exactly fourteen servicemen had been guests of the organization during the first two years of operation.

Similarly, a number of New York debutantes were talked into soliciting funds for a serviceman's canteen on Fifth Avenue to be sponsored by an apparently reputable veterans' association, and were instrumental in raising several thousand dollars among their friends which they subsequently turned over to the "veterans' group." It was revealed later that virtually all the money had been pocketed by the promoters of the scheme and that little or nothing remained for the aid of servicemen.

Victimization of the public at large on somewhat the same lines was practiced by an enterprising individual in a large Eastern city who took advantage of the perfectly legitimate "Smokes for Yanks" campaign to line his own pocket. Making the rounds of business houses, he solicited seventy-five-dollar contributions from merchants to purchase a thousand packages of popular brand cigarettes for distribution to soldiers in England. With cigarettes obtainable anywhere, at that time, at a wholesale price of approximately fifty dollars per thousand packages, he was able to net an average profit of twenty-five dollars on each donation, and in three months had collected over $15,000 from the scheme. Responsible organizations which had been helping to raise the morale of servicemen overseas with donations of cigarettes were active collaborators of the authorities in putting a stop to this racket.

FBI Director J. Edgar Hoover has issued a warning that proper identification should be demanded of anyone purporting to solicit funds for aid to servicemen. Those arousing suspicion of fraud should be promptly reported to the FBI, local police authorities, or the Better Business Bureau, Mr. Hoover recommends. During a discussion of this subject, he declared that "a nation at war cannot afford to be distracted by these parasites."

Digitized by Google Original from UNIVERSITY OF MICHIGAN

To detect a possibility of fraud in the solicitation of contributions is not always as easy as it sounds, for the charity racketeer does not always conform to the image the public envisions when racketeering is suggested. A case in point was a pretty sixteen-year-old girl whose obvious candor and honesty—transparently exuding from blue and innocent eyes—had the citizens of Buffalo pulling money from their pockets in large wads in the latter part of 1943. Because of her youth, the FBI prefers that she be known simply as "Frances."

"Frances" was detained by the FBI and held for obtaining money by misrepresentation. Neatly attired in the crisp white of a nurse's uniform, she looked tiny and demure as she sat, hands primly folded in her lap, awaiting questioning in the Buffalo Field Office of the FBI. Agents had no difficulty in obtaining from her an account of her escapades.

The girl related how she had stolen her nurse's uniform from a hospital during a visit to a sick friend, and used it as an effective means of obtaining small sums of money for movies and meals. Wandering through the streets, she would stop at any house displaying a service flag and announce that she represented an official agency "working right out of President Roosevelt's office," which could arrange immediate furloughs for men overseas.

In most cases her attractiveness and youth immediately won the hearts of her hearers. She was pressed to reveal the details of the plan, and did so willingly. Weaving a convincing tale as she went along, she would finally explain that small contributions were needed to help defer the expenses of boys for whom furloughs had been arranged. Nine such visits netted her almost a hundred dollars over a period of a few days. But one mother was a little more realistic or suspicious than those who had gone before. She left the room long enough to telephone the FBI, and learned that the angelic "Frances" showed all the earmarks of being one of the youngest charity racketeers on record.

"Frances" pleaded guilty to violation of the Juvenile Delinquency Act and was placed on probation for two years after promising the judge that she would behave herself henceforth. At last reports she was making good in a Buffalo department store.

More ambitious than that young girl's improvisations is a new racket now spreading by leaps and bounds, under the guise of aiding servicemen who are already home—for good. The swindlers be-

Digitized by Google Original from UNIVERSITY OF MICHIGAN

hind it seek to obtain contributions for the rehabilitation of maimed veterans.

Several hoaxes of this type have already been detected. A slick promoter of one of them in San Francisco released a story to newspapers describing a drive to obtain funds for the assistance and rehabilitation of blinded servicemen. To make his narrative more convincing, he submitted photographs of two sightless men, both blind from childhood, whom he described as having been blinded in action against the Japanese in the Pacific. When approached by reporters for additional details, the two blind men indignantly repudiated the attempt which had been made to use them as innocent pawns in a fake charity scheme.

A variation of this racket came to light in Boston and near-by New England communities early in 1944 when warnings were issued against house-to-house canvassers peddling cheap neckties with the bland suggestion that "anything over the cost of the necktie—a dollar" would be contributed to the "Army and Navy School for the Blind." Army and Navy authorities were quick to point out that to the best of their knowledge no such institution existed under their supervision.

As casualty lists increase and the public becomes more aware of the need for rehabilitating wounded veterans, the opportunities open to the unscrupulous for exploiting the situation will be correspondingly enhanced. Racketeering with the wounded veteran as a springboard has increased to such an extent in recent months, that the War Department felt compelled to warn the public to be on guard against fraudulent requests for aid to blinded soldiers.

The Army Medical Department has categorically denied rumors to the effect that thousands of men have been blinded in battle. On October 1, 1944, it placed the total number of such casualties at approximately 225. This low figure, the result of remarkable progress in eye surgery, has been carefully corroborated; no doubt of its authenticity can exist. Moreover, the Army has declared that there is absolutely no basis for widely circulated rumors, likewise put to good advantage by the racketeering profession, of the existence of "basket cases"—servicemen who have lost both arms and both legs. Not one such case had been recorded up to the late summer of 1944.

What the racketeer knows, but what the public too seldom knows, is that the War and Navy Departments have complete facilities for

Digitized by Google Original from UNIVERSITY OF MICHIGAN

the care and rehabilitation of blinded servicemen, making any private solicitation for this purpose unnecessary and often open to suspicion. Sightless veterans today are retrained for a successful readjustment to civilian life at modern, specialized, well-equipped institutions such as the Letterman General Hospital in San Francisco and the Valley Forge General Hospital in Phoenixville, Pennsylvania.

A recent survey by the Surgeon General's Office of the War Department indicates that only ten per cent of blinded servicemen will require the help of "Seeing Eye" dogs. Many blinded persons successfully go through the daily round of normal activities dependent on nothing more than the skillful and comparatively inconspicuous use of a cane. In no case, medical officers agree, should a blinded soldier be provided with a trained canine guide until through careful training he has become as self-reliant and self-sufficient as possible.

Nevertheless, the "Seeing Eye" Association in Morristown, New Jersey, has reported numerous cases of attempted solicitation by racketeers, ostensibly for contributions to provide blinded servicemen with dogs. More than $2,000 was obtained by swindlers in New Jersey, and $5,000 more in New York, under the pretense of raising money for the care and training of the blind. Unless the public is alert, victimization will run into hundreds of thousands of dollars, instead of merely thousands, before effectual countermeasures can be taken.

9. There's a Draft Blowing . . .

FERD A. NAUHEIM, thirty-four-year-old proprietor of a Washington, D.C., printing plant, is in the Army today. Like millions of other young Americans in October 1940, Nauheim took his way to a neighborhood school to register for possible military service under the nation's first peacetime draft, was given an order number, and in due time was inducted under the smooth, impartial, and impersonal workings of the Selective Service Act.

That, in itself, would hardly be sufficient cause to single Nauheim

Digitized by Google Original from UNIVERSITY OF MICHIGAN

out of the millions who have been tapped on the shoulder by Uncle Sam, and turn the spotlight on him. But Nauheim's case was a unique one. Before he was inducted, he had the distinction of passing up an excellent opportunity to stay out of uniform, helped send a respected psychiatrist to prison, and made headlines on a nationwide scale.

The turn of the wheel had given Nauheim, married and with two children, a high draft number when he registered in Baltimore, and it was not until the fall of 1943 that his induction became imminent. At that time, cases were still numerous in which potential draftees had wound up their personal affairs, disposed of homes and businesses, resigned their jobs, and, in general, rid themselves of all unnecessary encumbrances, only to be rejected at induction centers for some physical or emotional defect.

Nauheim decided not to be left out on such a limb, if possible, and applied to his draft board for a pre-induction examination, permissible under regulations then in effect, so that he might gauge the chances of his being inducted before appearing for his final physical examination. His request was granted and he was instructed to report to draft board physicians at the Fifth Regimental Armory Induction Center in Baltimore.

Stripped, he passed from doctor to doctor, and eventually reached a cubicle occupied by Dr. James S. Hens, a psychiatrist on the staff of the Spring Grove State Hospital in Baltimore. Dr. Hens, like thousands of other medical men throughout the country, served without compensation at induction centers for a number of hours each week.

The fifty-two-year-old psychiatrist conversed with Nauheim in a casual, friendly manner, asking him routine questions about his family and social life, his reaction to military service and other matters which might throw light on Nauheim's emotional fitness for Army life.

The subject changed. Hens, eyes fixed on Nauheim, spoke of his boyhood in Switzerland and of week ends spent in scaling the Alps. As the psychiatrist rambled on, it seemed to Nauheim that the examination was becoming somewhat irrelevant and long-drawn-out. It occurred to him that perhaps this was psychiatry's way of doing things—to observe a subject's behavior and reactions when he was most relaxed and least on his guard.

Digitized by Google Original from UNIVERSITY OF MICHIGAN

"You look like a pretty intelligent fellow. How would you like to stay out of the Army?" Hens suddenly whispered.

Nauheim abruptly sat up in astonishment. Suspecting a psychiatric ambush, he decided to proceed warily. "Just what do you mean, sir?" he asked.

"I mean I can tell you what to say and what to do so that when you come up for your final examination, the doctors will put you in 4-F as a neurotic," Hens explained softly.

"Well, I'll let you know, sir," Nauheim grinned. As he dressed, he reflected with amusement on Dr. Hens' novel psychiatric technique.

Nauheim was at his home a few weeks later when the telephone rang. It was the psychiatrist.

"Have you come to any decision on that matter we discussed?" he asked.

It dawned on Nauheim that Hens really meant business. Thinking fast, he told the doctor that nothing would suit him more than being able to dodge the draft.

"Of course, it will cost a little money—say $2,500," Hens offered.

"That's a lot of money," commented the mystified Nauheim. "What makes it cost so much?"

"The risk," replied Hens. "I'm taking a long chance in helping you. For all I know, you might even give me away to the FBI," he concluded with a laugh.

Shortly afterward, Nauheim was telling his story to the FBI. It was agreed that he should keep a rendezvous with Hens in Baltimore to discuss terms. Nauheim complied, and met the psychiatrist by arrangement. The latter demanded $2,000, payable in advance, and $500 after Nauheim had been classified 4-F. Nauheim acquiesced, and another meeting was arranged at which he was to make the first payment—with a dummy package containing paper instead of money.

Ten days later, Nauheim and Hens entered the half-empty restaurant in Baltimore's Pennsylvania Station. Two FBI agents followed them in, found a near-by table and ordered coffee.

Hens shot a quick glance around the restaurant. "Have you the money?" he eagerly asked.

Nauheim handed him the package. "Now," the psychiatrist went on, "I'm going to show you how to answer questions so the doctors will think you're neurotic." He laughed and twirled his finger suggestively beside his head.

Digitized by Google Original from UNIVERSITY OF MICHIGAN

Hens spoke rapidly, as Nauheim alternately sipped his coffee and made notes. Finally, Hens sat back triumphantly. "That's all you have to do. Follow those instructions, and you can't miss."

As the two rose, the agents simultaneously rose from their table and informed Hens that he was under arrest.

Fuming and spluttering, Hens denied that he had committed any wrong. A federal court jury thought otherwise, and on February 4, 1944, he was given a five-year term, after having pleaded guilty to the charges against him.

Just before imposing sentence on Hens, the judge lashed out at the psychiatrist: "Aside from seeking to debauch the young man whose honesty and intelligence brought your offense to light, you have betrayed not only your profession and the trust of the state which employed you, but also the most important arm of the Government."

Nauheim entered the Army a few weeks later, content at the part he had played in bringing a draft racketeer—one of the most contemptible breeds spawned by the war—to book.

Dr. Hens, the eminent Maryland psychiatrist, was but one of the small army of racketeers who have attempted to lend their cunning and cupidity to the cowardice of would-be draft dodgers in flaunting a law which calls on Americans impartially, without consideration of wealth, rank, or social antecedents, to play an equal part in defending their country from peril. The risks have been great, but, as in the case of Dr. Hens, the profits have been attractive enough to make the racket a tempting one. If the racketeers' success has been limited, it is because of the patriotism of millions of men like Nauheim, and the constant vigilance of the FBI.

To the credit of the medical profession, only a few of its members are on record as having placed personal profit before their country's need and the ethics of their profession. One of them was Dr. Hens. Another was Dr. J. P. Gardzielewski, of Chicago.

Dr. Gardzielewski, a part-time draft board physician, had just completed a physical examination at the induction center. He laid down his stethoscope, and indicated that the selectee might go. The youth hesitated.

"Well, young man, what's on your mind?" the doctor asked.

"Well, Doc, how does my physical show?" the selectee queried.

The physician slowly tapped his pen on the desk. "In this case, I think there's a pretty good chance that the results balance."

Digitized by Google Original from UNIVERSITY OF MICHIGAN

"What does that mean, Doc?"

"It means that whether you obtain a deferment or not, will depend on how willing you are to fix Joe Nosek up with a few dollars. Joe Nosek is the chairman of this draft board," came the slow reply.

The two men looked at one another for a moment. Finally, the youth grinned in understanding and nodded emphatically. "O.K., Doc. You can go ahead."

The physician picked up the telephone, dialed, and spoke briefly into the instrument. "Nosek will see you now," he told the selectee as he hung up. "You'll find him at this address." He scribbled a notation and handed it to the youth.

Nosek was alone when the youth entered, and heard his request in silence. "I could get you in class 1-B," the draft-board official declared, "but little favors don't go empty-handed. If you'll bring me thirty-five dollars, I'll put it in an envelope in this desk, and if you don't get the deferment, I'll return the money to you. But I'm quite sure that you'll get the deferment."

The youth left Nosek's office and immediately reported the episode to the local FBI field office. That evening, he handed Nosek ten dollars as a down payment, and on the following day returned with the balance in marked money. Nosek was arrested with the thirty-five dollars in his possession, and the physician was detained on the following day.

Both indignantly denied having committed an offense, Nosek maintaining that the registrant had paid him the money for legal fees. A conviction was handed down by the jury which sent Nosek to prison for three years and the doctor for two. The youth reported for induction shortly after.

Of a different stripe was Dr. H. L. Musgrave, of Revere, Massachusetts, who not only refused to become party to an illegal act, but made his contribution to smashing the draft-dodging racket by immediately reporting the matter to the authorities. Irving Kemler, a local shoe dealer, was arrested by the FBI as a result.

Dr. Musgrave, in his capacity as a draft board examiner, had been approached by Kemler with an offer of five hundred dollars in return for the physician's certification that Kemler suffered from a weak heart and was unfit for military service. The doctor wrathfully ordered Kemler out of his office and promptly telephoned the FBI. In an effort to evade prosecution on a charge of attempted bribery, Kemler tried to make similar arrangements with the federal agents.

Digitized by Google Original from UNIVERSITY OF MICHIGAN

His query of, "Isn't there some way we can fix this up?" was received in frigid silence.

Kemler admitted that he had tried to evade military service by offering Dr. Musgrave a bribe, and attempted to justify his actions on the grounds that his business could not continue without him. A jury held that certain other obligations took precedence over business in time of war, and Kemler was sentenced to serve two and one-half years in the penitentiary and pay a $1,500 fine.

Under Selective Service regulations, any registrant had the right to ask his local draft board for deferment on a number of grounds, and, if the request were denied, to carry the matter to a Selective Service appeal board. Except in certain cases which could be taken to the White House, the appeal board's decision would be final, and the responsibility of its members was acknowledged to be tremendous. A violation of trust by any one of them was equivalent to a negation and undermining of the whole draft system. Marvin Ralph Germain, attorney and government appeal agent for Local Board 625 in Cheektowaga, New York, was one of the few who tried it.

On February 3, 1942, Germain got in touch with John Henry Meka, a local draft registrant who had just been classified as 1-A.

"You know, your case is pretty tough, but I could make your chances a hundred times better with a hundred," Germain told the young man.

"A hundred—that's an awful lot of money," Meka replied. "Would it be worth while to take the chance?"

"Even if you lose the hundred bucks, it's worth taking a chance," Germain told him.

A few minutes later, Meka was on his way to the nearest FBI field office.

The pay-off took place the following day, with marked money, in Germain's private office. In an adjoining office were two FBI men.

"Here's the money," Meka said, tendering Germain $100 in bills. Germain rapidly counted the money. As Meka left the office, he gave vent to a loud cough. It was a signal to the agents that the transaction had been completed. They entered and identified themselves to the draft official.

"Oh, my Lord!" he yelled. He plunged his hand into his trouser pocket and withdrew it quickly. An agent swiftly pinioned him, and looked down at the floor. Scattered under Germain's desk was the money which Meka had handed him.

Digitized by Google Original from UNIVERSITY OF MICHIGAN

Confronted with irrefutable evidence of his dereliction, Germain admitted the facts, but refused to sign a corresponding statement. On December 10, 1942, he pleaded not guilty, but was convicted and sentenced to three years in the penitentiary. The investigation of his activities which preceded the trial revealed that Meka was not the first registrant whom Germain had offered to exempt from military service. For several months he had been checking into the financial status of 1-A registrants and making similar propositions where the possibilities of easy profit seemed good.

Another case involving draft board personnel was brought to light by the FBI on June 3, 1944, when fifteen persons were arrested in Baltimore on charges of conspiracy to sell military service rejections on a wholesale basis. Their activities were characterized by FBI Director J. Edgar Hoover as "one of the most flagrant and extensive draft rackets thus far discovered in the war." By a strange coincidence, the arrests took place at the same induction center where Dr. Hens had been detained a few months before for a similar offense.

Three of those arrested were servicemen assigned to subordinate duties at the induction center, four were civilians who had aided and abetted selectees in attempting to evade military service, and the remainder were men who had sought to dodge the draft by making false statements to Selective Service officials or by taking advantage of the opportunities offered by the others.

The servicemen and their civilian collaborators made a regular practice of getting in touch with potential inductees to learn whether they would be interested in buying rejections. Prices ranged from $150 to $500, but in one or two instances a case of liquor was sufficient to complete the deal.

From that point on, the rejection merchants depended on their familiarity with induction center procedures to spare their clients the rigors of life in uniform. Fully acquainted with the most prevalent grounds for rejection, they would coach their clients in feigning the symptoms of emotional, mental, and physical disorders. One of their favorite recommendations was the use of heart stimulants shortly before the selectee reported for his induction examination, as a means of simulating cardiac ailments. Still another was a drug which temporarily raised blood pressure to inacceptable levels.

For weeks the FBI painstakingly built up its case against the suspects with a mass of incontrovertible evidence which included

Digitized by Google Original from UNIVERSITY OF MICHIGAN

motion pictures and recordings of transactions between the "buyers" and "sellers" of draft rejections. The fifteen men are now awaiting trial.

The mass arrests in Baltimore followed by two days a similar case in Chicago, in which a noncommissioned naval officer and six draftees were arrested for participating in a draft-dodging scheme.

The FBI disclosed that the naval man arranged physical rejections for the draftees at prices which ranged from $50 to $1,000. One registrant was rejected for military service on legitimate grounds, but paid $50 "in appreciation" of the naval officer's efforts. Another selectee succeeded in obtaining a disqualification "on sight," without going through the formality of a physical examination. With the exception of the Navy man, all the suspects had police records, and one of the men had acted as intermediary between the officer and the remaining draftees in arranging for bribes and rejections. The case was presented to a federal grand jury in Chicago, which returned six indictments on June 30, 1944.

For the sponsors and clients of draft evasion rackets to operate successfully, their activities normally must be shrouded in the utmost furtiveness and secrecy. The slightest slip-up or indiscretion on the part of those concerned invariably means discovery and speedy retribution.

Stanley C. Weyman, alias Stephen Weinberg, alias Sterling Wyman, was one of the few who deviated slightly from that norm. He was caught, eventually, and given a stiff sentence in the penitentiary for his misdeeds, but for several months prior to his arrest Weyman presided comparatively openly over a highly successful school for draft dodgers in one of New York City's most fashionable hotels. He shunned the light, but not to the extent to which most of his contemporaries shunned it, and he found in discreet publicity the shekels which he sought.

Weyman founded his academy early in 1943 and proceeded to instruct men faced by possible induction on methods of staying out of the armed services. His fees were never lower than $100 and sometimes soared as high as $2,000, but the efficacy of his teachings was reflected in a high percentage of rejections among his clientele.

To impress prospective matriculants, Weyman assumed a number of roles. To some he represented himself as "Dr. Weyman, Army psychiatrist." To others he was "Major Weyman, United States Army Reserve," with an unobstructed inside track to the ear of

Digitized by Google Original from UNIVERSITY OF MICHIGAN

draft officials. Whatever his pose of the moment, Weyman was always convincing. As will be seen, successful impersonation was an old story to him.

Draft dodgers were not the only clients who sought the fifty-two-year-old confidence man's aid. Among those who consulted him were several Army officers, who later told the FBI that they were under the impression Weyman could arrange transfers for them through legitimate channels.

Weyman dispensed information calculated to bring about immediate rejection for military service in a conscientious manner. His instructions were detailed and authoritative, and professional pride was evidenced in his careful coaching of each "student." The encouraging results of his training became known rapidly, and his circle of earnest young disciples grew by leaps and bounds.

The bubble burst in July, 1943, when the FBI reached out for Weyman and plucked him, so to speak, from his professorial chair. The case against him was completely airtight, and a sentence of twelve years and two days, of which five years and a day were suspended, and a fine of $17,500 were imposed on him shortly afterward in New York's Federal Court. The sentence also stipulated that Weyman was to be placed on probation for a five-year period following completion of his prison sentence.

Prior to his arrest for playing fast and loose with the Selective Service system, Weyman had boasted a police record dating from 1912. A series of fantastic and colorful escapades which began just before World War I frequently brought him under the scrutiny of the authorities and gave promise of winning him a unique place among the ranks of American confidence men.

Weyman's imagination first revealed its fertility and daring when he strode into a New York hotel in 1913 and haughtily identified himself as an attaché of the Serbian Legation. With equal hauteur he announced that the Serbian minister had charged him with arranging a sumptuous banquet in honor of the Rumanian consul-general in New York. An alert hotel employee observed that Weyman's run-down shoes, rendered all the more dilapidated by contrast with the sharply creased striped pants which surmounted them, were hardly worthy of a diplomat, and the scheme collapsed before it had gone beyond the hotel lobby.

Not long afterward Weyman's brazen effrontery took him aboard the mighty battleship *Wyoming*, then anchored in the North River.

Digitized by Google Original from UNIVERSITY OF MICHIGAN

Briskly presenting himself as a lieutenant commander on special service at the Navy Department in Washington, he informed the ship's officers that he was about to make an inspection of the vessel. Needless to say, the *Wyoming* was thoroughly inspected that day.

A brief jaunt to Peru as a "sanitation expert"—with all expenses paid by person or persons unknown—preceded his appearance at the funeral of Rudolph Valentino. With his customary aplomb, Weyman took charge of all the proceedings, waving smelling salts under the noses of fainting women, moving quietly and efficiently from one crucial spot to the other and giving instructions and orders with an assurance which brooked no question. At the end of the ceremonies he quietly slipped away, leaving all to wonder who the distinguished gentleman in morning attire had been.

The Valentino funeral was a prelude to Weyman's greatest exploit of all—a stroke of daring which had him giving orders to royalty and rubbing elbows with no less a personage than the President of the United States.

Weyman's epic began in 1921 with a newspaper item announcing the forthcoming arrival of Her Majesty, the Princess Fatima, Sultana of Kabul, Afghanistan. The Princess and her entourage had hardly settled themselves in one of New York's most luxurious hotels when Weyman appeared, exuding somber dignity in the traditional frock coat and striped trousers of diplomacy on a mission bent.

"Your Majesty," he announced with a low bow, "permit me to bid you welcome to America. I am profoundly honored that the Department of State has delegated me to escort you to Washington, where the President awaits you."

A distinguished-looking gentleman on one side of the room spluttered indignantly for a moment and came bounding across the room toward Weyman.

"What does this mean, sir? I am from the Department of State, and I have been assigned to Her Majesty's party!"

Weyman surveyed him coolly for an instant. "Quite so, old man," he answered. "I've heard about that, but it seems that your orders have been countermanded." He reached into his pocket and produced an envelope which he tendered to the astounded official, who recovered himself sufficiently to extract the sheet of paper which it contained. On an unmistakably genuine letterhead of the Department of State was written an order authorizing Weyman to

Digitized by Google Original from UNIVERSITY OF MICHIGAN

join the Princess' party as the official representative of the United States Government. "This letter supersedes all previous orders in respect to Her Majesty's visit," the forgery concluded.

The "superseded" official turned his back on Weyman, bowed coldly to the Princess, and stalked out. Weyman lost no time in taking over, and two days later shepherded the Princess Fatima and her retinue aboard the Washington express. On the way, Weyman shed his statesman's attire and reappeared in a well-fitting naval lieutenant's uniform. "The President occasionally likes me to handle naval matters for him," he explained to the Princess.

From the Union Station in Washington, Weyman conducted his royal charge directly to the Afghanistan Legation, and there had embassy officials call the White House to arrange for the Princess to be received at the executive mansion by President Harding. A day or two later the Princess Fatima, surrounded by her retinue, was photographed on the White House lawn. That classic portrait is a permanent tribute to Weyman's uninhibited impudence. Well into the foreground, it shows him crowding assorted Afghan nobility into the background as he stands elbow to elbow with royalty—within the exalted precincts of the Executive Mansion.

Following the snapping of the pictures, Weyman was invited to have lunch at the White House on the following day with President Harding. He accepted with dignity and alacrity, and bore himself with all the necessary finesse at the presidential table. He left the White House in an official automobile, had himself driven to an exclusive haberdasher's, and outfitted himself with some necessary appurtenances in return for a worthless check.

Washington was far too full of red faces when the truth came to light for anyone to consider prosecuting Weyman for his daring and ingenious deception.

Far more prosaic than Weyman in his handling of draft evasions was chiropractor Walter Clarence ("Doc") Crawford, of Connelsville, Pennsylvania, who tutored and aided would-be draft dodgers in obtaining rejections for military service.

A young Connelsville registrant who was awaiting his draft call mentioned that fact to two acquaintances. One of them suggested calling "Doc" Crawford.

"Sure," Crawford told him. "I can keep you out of the draft for fifty dollars. That's my tuition fee. Drop around to see me tomorrow."

Digitized by Google Original from UNIVERSITY OF MICHIGAN

The youth and a friend complied, and were shown some tablets which Crawford assured them would produce all the characteristics of high blood pressure.

"Just take a couple of these right before your physical, and the medicos will toss you out faster than you can say 4-F," Crawford chuckled. "How about it? Only fifty bucks apiece!"

"We'll let you know," the youths told him. Later, a little shamefacedly, they came to the conclusion that draft-dodging was not for them. Less shamefacedly, they determined to report Crawford's offer to the FBI. Crawford was immediately arrested and brought to trial, and on March 15, 1943, was committed to the penitentiary for a term of three years.

Disloyalty born of cowardice is the hallmark of the draft dodger, and disloyalty born of greed stamps those who aid him in evading his obligations to his country. In at least one case, however, loyalty —albeit, misplaced loyalty—was the motive for a violation of Selective Service laws. The central figure of the episode was a king: Gypsy King Steve Kaslov, to be more specific.

To the commonplace world around him, Kaslov was nothing more glamorous than an unemployed coppersmith, receiving ninety-nine dollars a month from New York's Home Relief Department for the maintenance of his wife and five children, ranging in age from eighteen to thirty.

But within his own little world, the fifty-five-year-old ruler wielded enormous authority and influence over the Bandanna Russian Gypsies of the metropolis. By virtue of his position and the traditions of gypsydom, he was responsible for the welfare of each of his subjects, and to him fell the task of counseling his followers and aiding them in the solution of their everyday problems. One of these problems, it transpired, was the attempt being made by Tom Melegrana, a member of the tribe, to stay out of uniform. "King Steve's" duty was clear. Loyalty to the tribe came before all else.

Accordingly he filed an affidavit with Melegrana's draft board in support of the latter's request for a dependency deferment. Melegrana had sworn that he was the sole support of a wife, whom he claimed to have married on July 5, 1939, and of a child, allegedly born on June 2, 1940. "King Steve" corroborated these claims in his affidavit, and declared that he had performed the marriage ceremony himself in accordance with tribal law and custom. No written

Digitized by Google Original from UNIVERSITY OF MICHIGAN

record had been kept of the marriage, he added, because gypsy traditions did not require it.

Skeptical FBI men thought they detected flaws in the gypsy king's allegations and questioned him at length. The interrogation served to bring out many discrepancies in his story, and he finally admitted that, for draft board purposes, his own sister was posing as Melegrana's "wife," and his nephew as Melegrana's "son." On June 1, 1942, the gypsy monarch was sentenced to a year and a day in the penitentiary. Prosecution of Melegrana was waived when he indicated his willingness to comply with Selective Service regulations.

A favorite device of lone-wolf draft dodgers is to register for selective service in another person's name so that they themselves, while equipped with all-essential draft cards, may remain unknown to their draft boards and unmolested by such trivialities as draft calls. Sooner or later the FBI catches up with these tricksters, and Clarence Oliver Dugger, of Santa Rosa, California, was no exception to the general rule.

Dugger, with a lengthy criminal record behind him, was a familiar and picturesque figure in California bars and taverns in January, 1942. He boasted that he was a veteran of Dunkirk and pointed to the Canadian Army uniform which he wore—on which United States Army sergeant's chevrons were sewn, upside down, in the British manner—in corroboration of his statements. Dugger seemed to derive his support from the sale of placards which read, "Jap Hunting Licenses Issued Here—Open Season Now, No Limit."

Business was booming for Dugger, and things were going very well indeed for him, when he had the misfortune to be arrested by the California State Highway Patrol for intoxication. Jokingly, Duggar asked the officers whether they would like to see his posters.

"No, thanks," they retorted. "But we would like to see your draft card." Dugger gloomily produced that item.

While Dugger languished in a local jailhouse for drunkenness and peddling his wares without a license, the FBI was making a careful study of the antecedents of his draft card. Very logically, agents had undertaken their investigation when the registration card was found to bear the name, not of Clarence Oliver Dugger, but of Jack Cooper.

It was disclosed that Dugger had registered twice under assumed names, first as Jack Cooper, of Craig, Colorado, and then as Rod Marlin, of New York City. The agents also learned that Dugger

Digitized by Google Original from UNIVERSITY OF MICHIGAN

had enlisted in the Canadian Army at Vancouver, British Columbia, and had deserted after eight months' service when he feared that routine fingerprinting would bring his previous criminal record to light. He had re-enlisted in the Royal Canadian Corps of Signals shortly afterward, under the name of Collins, and again deserted.

For making false statements under oath in connection with registration for the draft, Dugger was given three years at Leavenworth —an institution which offers few opportunities for desertion.

One of the stipulations of the Selective Service Act is that no charge may be levied for the notarization of questionnaires and other documents required of draft registrants. That prohibition failed to deter a Texas typist, interpreter, and notary from victimizing Spanish-speaking Texans, unfamiliar with Selective Service regulations, in the border county of Hidalgo. Because his seven-months' sentence was suspended on a promise of good behavior during the following five years, he will be known as Bernardo for the purposes of this narrative.

Bernardo had his office on the second floor of the county courthouse, one door away from Local Draft Board No. 1, and there he extracted a small but steady income from bewildered registrants by charging them fees of twenty-five and fifty cents for his services as a notary. When the draft board transferred to larger quarters elsewhere, Bernardo likewise decided on a change of scene, which consisted of parking his automobile outside the building occupied by the draft board and intercepting draft registrants and selectees as they entered.

"Right this way for the notary," he would call out from his car. Having affixed his signature and seal, Bernardo exacted the prevailing notarization fees from his unsuspecting patrons. At times he contented himself with less, in accordance with the client's ability to pay. At others he bartered his services for a dozen eggs, a few head of cabbage, or a basket of onions.

It was inevitable that Bernardo's activities should draw the attention of draft board officials as they entered and left the building, and late in 1943 he was arrested by the FBI for illegally collecting fees in connection with the preparation of Selective Service documents. Bernardo attempted to convince the authorities that the money which he had received was in the nature of gratuities, but draft board officials estimated that he had extracted emoluments for a total of several hundred dollars from approximately twenty per cent

Digitized by Google Original from UNIVERSITY OF MICHIGAN

of the board's 11,000 registrants. He was found guilty on several counts in United States District Court on December 11, 1943, and given a suspended sentence.

Perhaps the most fantastic example of attempted draft evasion to come to the attention of the FBI was one in which the would-be draft dodger "murdered" himself in an effort to escape military service.

On a winter day shortly after the United States entered the war, Selective Service Board No. 7 in Weaverville, California, mailed an induction notice to twenty-two-year-old Paul Newton Yates. The notice was delivered over twelve-foot snowdrifts to the heart of the primitive Trinity Alps country, where Yates lived and worked with his employer, Ray C. Norton, a former schoolteacher who had abandoned his classroom in favor of a mining claim on Coffee Creek.

A few weeks later Norton returned the induction notice to the draft board with a notation that Yates had left for parts unknown. The FBI began a search for him when the draft board declared him delinquent.

As the snow melted on the mountains and prospectors came down into the valley with the spring thaw, strange rumors were wafted to the ears of Sheriff Earl H. Montgomery, of Trinity County.

"There's talk up in the hills that Yates was murdered and that his body's buried on the hillside near Norton's cabin," vouchsafed one grizzled prospector through a thick wad of chewing tobacco. "Between you and me, I wouldn't be surprised if Norton did him in. I heard tell he owed Yates a chunk of money for labor and couldn't pay up."

Sheriff Montgomery piled into his car and drove slowly up the narrow, winding mountain road which led to Norton's cabin. Norton was absent, and the sheriff put his absence to good advantage by carefully searching the near-by woods for signs of a grave. Unsuccessful, he returned to town and consulted with FBI agents assigned to the case. They were unanimous in discounting reports of Yates's death, and decided to call Norton in for questioning. The information he supplied—to the effect that Yates had quarreled with him and left for South America—served only to heighten their suspicions that all was not as it seemed in the Trinity Alps.

With dogged persistence, Sheriff Montgomery and FBI men tracked down every rumor pertaining to Yates or Norton which came their way. Finally, some months later, Sheriff Montgomery's

Digitized by Google Original from UNIVERSITY OF MICHIGAN

patience was rewarded when information drifted down from the mountains that Norton had been joined by Ronald Crampton Norton, a nephew from Los Angeles.

The Sheriff was particularly interested in the description which the mail carrier on the Trinity Alps route gave of the nephew. "He's the spitting image of that young fellow who was supposed to have been murdered," the postman observed.

Accompanied by a forest ranger, Sheriff Montgomery took a circuitous route through the hills until he reached the village of Carrville, and parked his car. A laborious climb on foot brought the two men, in a similarly circuitous manner, to the vicinity of Norton's mine. Norton and his nephew were busy at work.

The Sheriff introduced himself and his companion to the miners. The quartet conversed amiably for awhile, discussing the recent heavy snows, hunting possibilities, and placer mining, and in the course of this casual chitchat, Montgomery learned that Norton's nephew, come to live with his uncle after his mother had died, was only sixteen.

Montgomery considered the nephew for a few moments, trying to reconcile his comparative maturity and heavy brown mustache with the tender years attributed to him by Norton. As the youth removed his cap for a moment, Montgomery's eyes traveled swiftly from the brown mustache to a mop of jet-black hair, curiously brownish at the roots.

The youth stared at him in stupefaction as Montgomery seized him by the shoulder and snapped: "All right, Yates, let's go. You're not fooling anybody in that get-up."

On the way down the mountainside the young man stoutly contended that he was Ronnie Norton. The Sheriff retrieved his automobile in Carrville, drove into the little town of Trinity Center, and stopped.

"Tell you what I'll do," he informed his prisoner. "Plenty of people in this town know Yates. If nobody recognizes you after a couple of hours, I'll admit I've made a mistake and turn you loose. If you're recognized by anyone, we won't argue any more and just go along to the jailhouse. All right with you?"

The youth looked at him sullenly. "O.K., you win. I'm the guy you want. I'm the guy who murdered himself." During the remaining thirty miles to the county seat, Yates unfolded a strange story of how he and Norton had conspired to save him from the draft.

Digitized by Google Original from UNIVERSITY OF MICHIGAN

He had suspected that his induction order was imminent and saw no justice in the Government's demand that he spend a year or more in military service when the war situation, to his way of thinking, did not warrant it. As he and Norton sat in the cabin, isolated from the world remote behind thick mounds of snow, they worked out their plan. When the mail carrier delivered the induction notice, Yates had disappeared from the cabin.

While the rumors of murder which Norton carefully planted spread through the mountains and down into the valley, Yates was living in comfort in a small and secluded shack deep in the woods. Norton brought him his meals every day. When spring came, Yates grew a mustache, dyed his hair, changed his mode of dress, and emerged as Ronald Crampton Norton.

Norton was also arrested, and after giving several contradictory versions of what had transpired, adhered fairly consistently to a tale of having been at death's door when the induction notice was delivered, with seventeen feet of snow on the ground and the nearest doctor seventy-five miles away. Yates, he recounted, had refused to leave him until he was well, and by that time it was too late to answer the call to induction. Believing that Yates would be penalized if he presented himself so late, they had sought "murder" as the solution to the problem.

The court gave skeptical ear to this narrative, and appended a footnote on July 14, 1942, by sentencing Yates to three years' imprisonment for draft evasion and Norton to a similar term for having aided and abetted him in his attempted draft-dodging.

10. The Contrabandists

FOR all his Oriental calm, the captain of the *Asama Maru* seemed nervous and impatient. His 21,000-ton ship, with steam up for what was to be one of the last trips she would make on the San Francisco—Yokohama run for years to come, loomed like a huge wall above the pier. Loading had almost been completed, and the steady roar of winches and rattle of booms had dwindled away to an occasional staccato chatter. Oblivious to the damp December

Digitized by Google Original from UNIVERSITY OF MICHIGAN

fog which rolled in from San Francisco Bay, the captain anxiously surveyed pier and near-by waterfront from his vantage point on the navigation bridge. His eyes glinted with satisfaction as he saw a huge dray slowly turning into the pier.

The dray rumbled to a stop and Shiro Higuchi dropped agilely from the driver's seat and clambered through the rear of the vehicle. One by one he maneuvered a number of large packing cases onto the pier, each addressed to "Gizo Uyeno, Yokohama, Japan." Higuchi hovered solicitously over the boxes as customs officers approached. The deck crew on the *Asama Maru*, booms and cargo nets swung out in readiness to hoist the packing cases aboard, watched impassively from above.

The customs officers glanced at the packing cases appraisingly. "Well, sir," said one of them, "what have we got in here?"

"Just furniture, mister," came the hurried reply. "Chairs, desks, bureau, dishes, blankets. Belong to Mr. Gizo Uyeno, who sail to Japan on this ship. Would you like to see?" Higuchi concluded, with an ingratiating smile.

At a nod of assent from the official, Higuchi took a crowbar from the rear of the dray and forced open several of the packing cases. The contents were as he had stated—household articles such as any wanderer homeward bound might carry with him.

A customs officer casually rocked one of the unopened crates with his hand. It seemed a little heavy to contain furniture.

"Supposing you open this one," the official suggested.

"Not easy to open that one," Higuchi smiled. "That contain cups, saucers, glasses. All very carefully packed. All break if opened. Better not to open, eh?"

Without a word, the customs officer took the crowbar from the unwilling Japanese and pried the top off the packing case. He reached his hand gingerly into a thick pile of excelsior, fumbled around for a moment, and straightened up. One by one he repeated the performance with each of the other unopened cases. He turned and looked at Higuchi. "I think maybe you'd better come along with us," he told him.

The "household possessions" of Gizo Uyeno of Yokohama, erstwhile soda jerker homeward bound after eighteen years in the United States, consisted of 3,600 cobalt tool-steel bits: an essential item to Japan's steel-hungry industry in peace—and in war. The bits

Digitized by Google Original from UNIVERSITY OF MICHIGAN

were packed solid in bureau drawers, teapots, containers of dishes, and in cartons labeled "condensed milk."

The customs officers proceeded to make a careful inventory of their seizure, unaware of the devious workings of the Oriental mind which were soon to confront them. A dapper little Japanese approached, followed by a woman. He smiled at the officials and bowed slightly.

"Gizo Uyeno," he announced. He made a sharp half-turn in the direction of the woman. "My wife."

For a moment Uyeno considered the customs officers fixedly. "My furniture, eh?" he said with a knowing smile. "Very bad. Boat sail, leave me and wife behind. Very bad. Here, sir." With a wink, he forced something into an official's hand. "For you and your friends. Now we put top back on boxes and everything all right. No?"

The astonished customs officer slowly glanced at the wad of crumpled bills.

"No," he replied, "and you are under arrest."

As they were taken into custody, Uyeno and Higuchi looked longingly at the *Asama Maru* as the vessel's lines were hauled in and tugs pulled alongside to ease her into the bay. She was leaving while the leaving was good.

Under expert questioning the two Japanese admitted that they had knowingly attempted to violate the Export Control Act and make a small, but valuable, contribution to Japan's industrial efficiency. A routine search of Uyeno's effects brought to light a photograph taken on an earlier visit to Japan, showing him standing beside the notorious Kanekichi Yamamoto, alias "Kimpachi," who had been earlier deported from the United States following conviction as a smuggler of narcotics and operator of brothels and gambling houses among Pacific coast Japanese.

Uyeno informed customs authorities that one of Yamamoto's henchmen in Japan, Seiichi Tensaka, likewise a deportee from the United States, had proposed that he combine a patriotic gesture to the Emperor with a little personal profit by smuggling essential tools out of the United States and into Japan. Tensaka, according to Uyeno, had made elaborate arrangements to conduct this traffic on a large scale and already had prepared numerous outlets for the contraband in Japan.

Following a plea of guilty to charges of having conspired to vio-

Digitized by Google Original from UNIVERSITY OF MICHIGAN

late the Export Control Act, Uyeno was sentenced to a year and a day in a federal prison, and Higuchi was committed to an internment camp for enemy aliens. Both, undoubtedly, will be deported to Japan at the end of the war, provided the Army and Navy have left enough standing in Nippon to which to deport them.

The alertness displayed by customs officials in the case of Uyeno and Higuchi is characteristic of the vigilance with which the Treasury Department and other federal agencies are fighting the deadly menace of the present-day smuggler. The wartime smuggler, unlike his peacetime predecessor, is not apt to resemble the romantic figure of motion picture and novel, daringly running the gauntlet of land and sea patrols, occasionally fighting it out in running battles with pursuers, and finally putting in at some lonely coastal rendezvous in the dead of night to unload a rich cargo.

Smuggling is a grimmer business today, for it has become a part of the deadly business of war. The ability of the enemy to carry on the fight is often dependent on items such as Uyeno's steel bits, industrial diamonds, machine tools, precious metals for industrial purposes, and many other essential and critical materials, which can be used directly in war industry or as a source of foreign credits and cash. No one smuggler in himself is capable of making a really decisive contribution to the enemy's war effort. But in the aggregate, the flow of strategic materials through many contraband channels can prove a sizable factor in modern warfare, and the present-day smuggler's role, in its value to the enemy, is frequently on a par with that of the spy and saboteur.

The racketeers who in normal times earn their precarious livelihood by running bad whisky, narcotics, precious stones, and even human beings across the borders of this country, have found a new and fatter source of easy money in smuggling the makings of highly technical warfare to the enemy. In doing so, they travel in the company of bona fide enemy agents and a handful of Americans who, for profit or because of sympathy with the Axis, lend themselves to this traffic.

Most American businessmen and industrialists have co-operated with the Treasury Department, the Foreign Economic Administration, and similar agencies in helping to restrict the use of critical materials to the United States and its allies, and in cutting off possible leaks to the enemy. But at times, even co-operating individuals and industries have fallen foul of devices employed by the Axis or

Digitized by Google Original from UNIVERSITY OF MICHIGAN

by less scrupulous colleagues to evade control measures and restrictions aimed against trading with black-listed firms in neutral or hostile areas abroad.

Handicapped by insufficient shore and border patrols and a tremendous increase in certain types of smuggling operations since the outbreak of war, the Treasury Department's Bureau of Customs is doing a herculean job in cutting the two-way trickle of contraband to a minimum. This agency has the primary responsibility for enforcing not only the standing peacetime laws on smuggling, but emergency measures such as the Trading-with-the-Enemy Act, and also the directives in this field of such federal agencies as the Department of State and the Foreign Economic Administration.

Some idea of the magnitude of this task, even under the best of conditions, is suggested by the more than 50,000,000 persons and billions of dollars of goods which cross the nation's frontiers in both directions each year. At Laredo, Texas, alone, the human flow across the border is often in excess of 8,000 persons a day. At El Paso 20,000 to 25,000 may cross from one country to the other in the course of twenty-four hours, and a single week end may see almost 45,000 persons pass through San Isidro, port of entry opposite the Mexican city of Tijuana. Despite this enormous migration, seizures of contraband increased about 300 per cent between 1942 and 1943, attesting to the unwavering vigilance and efficiency of Treasury Department agencies.

Virtually all exportable commodities come under the provisions of the Export Control Act, and the Treasury Department's Bureau of Customs has played an extremely effective role in plugging any leaks which might lead to evasion of that act and to the giving of material aid to the enemy. The diversity of ruses employed by smugglers calls for countermeasures which tax all the ingenuity and resourcefulness of the authorities, but the growing desperation and recklessness of would-be smugglers reflects the efficacy of the Treasury Department's methods.

A favorite device of smugglers trafficking directly or indirectly with the enemy is to load critical materials for a neutral port under the guise of "ship's stores." One such scheme, involving the Portuguese freighter *Thome*, met with limited success when it was first put into practice in 1942.

The *Thome* was operated by the Companhia Nacional de Navegação, of Lisbon, with the Titan Shipping Company acting as the

Digitized by Google Original from UNIVERSITY OF MICHIGAN

line's agents in New York. For some time the latter enterprise had been trying vainly to procure an export license for the shipment of galvanized steel wire rope to Portugal. As often as it applied, its request was turned down.

One day the *Thome* sailed hastily from New York, Lisbon bound, with seventy-one coils of steel wire rope in its hold. The rope had been listed as "ship's stores" on the vessel's manifest, and only the alertness of customs officials—contributing factor to the freighter's premature departure—had prevented the *Thome* from taking on another batch of wire rope which had been delayed in transit to the pier.

Customs men were waiting for the ship when it again touched American shores on its return voyage, and filed charges against the Companhia Nacional de Navegação, the Titan Shipping Company, and Antonio Honorato da Silva, master of the vessel. The trail of the *Thome's* cargo of wire rope had led to a Lisbon warehouse, and thence to a destination which could only be surmised. With Lisbon overrun by German agents at that time, conjectures were unanimous in fixing the Third Reich as the final consignee of the shipment.

The Companhia Nacional de Navegação pleaded guilty through its attorneys to violation of the Export Control Act and paid a $5,000 fine. An additional fine of $1,000 was levied against the Titan Shipping Company, but charges against the captain were dropped.

Less successful was a somewhat similar attempt to evade this country's laws made by the operators of the Spanish steamer, *Isla de Tenerife*. Shortly before the vessel was to sail from New York to Spain, customs officials came upon two hundred drums of lubricating oil, each containing fifty gallons, a large quantity of armored copper cable, certain radio equipment, and $37,000 worth of silk, for which no export license had been obtained. Unless these items, by some stretch of the imagination, could be included under the heading of ship's stores, their loading would constitute a direct violation of the Export Control Act. It did not take long for customs officials and co-operating experts from the Coast Guard to come to the conclusion that the oil, radio equipment, and armored cable were in excess of the *Isla de Tenerife*'s needs, and that the silk would be a definite luxury when considered as equipment for a grimy, battered freighter.

The ship's master and company agents insisted that the oil and

Digitized by Google Original from UNIVERSITY OF MICHIGAN

radio supplies were intended for redistribution to other vessels of the same line in Spanish ports. Skeptical officials, realizing that the United States would have no control over the distribution of the goods once the ship had sailed, turned a deaf ear to this explanation. The silk was returned to its original owners and the remainder of the shipment forfeited to this country by court order, while fines totaling $32,000 were assessed against the owners, agents, and officers of the vessel.

In still another instance, a ship's captain was discovered to be conducting a widespread search for high-grade condenser pipe, ostensibly for engine repairs aboard his vessel. But the pipe he sought contained seventy per cent copper and thirty per cent zinc, both essential to Germany's war effort, while his ship was found to be headed for a neutral country maintaining close friendly relations with the Nazis. The captain discreetly abandoned his efforts to locate the pipe when customs officers began to display more than customary interest in his quest.

Among the strategic materials most avidly sought after by the enemy have been precious metals and diamonds for specialized industrial use and foreign exchange. Glittering jewels and gleaming platinum, once the appurtenances of femininity and genteel living, have become grim symbols of destruction in the silent, deadly economic warfare which is as vital to the success of one side or the other as military superiority on land, sea, or air. Paradoxically, the enemy has made as many attempts to smuggle diamonds into this country as to smuggle them out.

Customs officials believe that platinum and diamonds have been among the greatest needs of the Axis war machine. Platinum is an essential adjunct to certain chemical processes and to the manufacture of many delicate electrical and mechanical devices. Diamonds meeting certain specifications play a prosaic but vitally important role in the pointing of cutting and drilling tools for large-scale precision production. These have been the items which Axis agents and their collaborators in the United States have been interested in draining from this country. Simultaneously they have attempted to flood the United States market with diamonds unsuited to industrial use—looted from dealers in occupied Holland and Belgium—in an attempt to build up substantial reserves of foreign exchange.

In June, 1943, officials of the Treasury Department learned that Leonard J. A. Smit, a refugee Hollander, was conducting a tre-

Digitized by Google Original from UNIVERSITY OF MICHIGAN

mendously successful export-import business in New York City. Under ordinary circumstances, Smit's prosperity would have been no cause for comment, but with nonessential international trade cut to the bone by wartime restrictions and a dearth of shipping space, his large-scale operations and handsome profits instantly came under the scrutiny of the Treasury Department.

Investigation revealed that Smit had been trafficking in industrial diamonds, many of which had found their way by devious routes into Axis hands. Smit at first contended that his operations had been perfectly legal, but a check of his records and books left no doubt that he had violated the Trading-with-the-Enemy Act.

Smit appeared for sentence in New York's Federal Court a few months later, confident that the $10,000 fine usually levied in such cases would make no more than an insignificant dent in his illicit profits. The court, however, had other ideas on the subject, and topped off a sentence of a year in jail with the unprecedented fine of $102,000. Smit protested vigorously but quickly lapsed into silence when government counsel pointed out that the law made him liable to a fine of as much as $300,000 for his transgressions.

Short shrift was made of three other traders with the Axis shortly after the Smit case when Werner F. Trihler, a Swiss publicity agent, Harry Strygler, a gem dealer, and Harry Smith, a diamond cutter, were arrested by Treasury officers for having delivered 7,700 carats of diamonds to Nazi agents in a neutral country, thereby running a $4,500 shoestring into a cool $200,000. In August, 1943, Trinler was fined $7,500 and committed to a federal prison for twenty-two months, Strygler was fined $4,000, and Smith $2,000.

Axis diamond smuggling in reverse—from abroad to this country—reached a new high on the eve of Pearl Harbor when Nazi agents attempted to sneak more than a quarter of a million dollars' worth of nonindustrial diamonds past the customs and dump them on the United States market. Helpless diamond merchants in the occupied Low Countries, according to the testimony of one Dutch gem dealer who had been fortunate enough to escape the clutches of the Nazis, had been forced to surrender the stones to the Germans on pain of torture and death, in return for worthless invasion currency. Now they were to be disposed of in the United States, and the proceeds earmarked for espionage and sabotage in this country and Latin America.

The man chosen by the Nazis to carry out their plan on this side

Digitized by Google Original from UNIVERSITY OF MICHIGAN

of the Atlantic was Werner von Clemm, a Long Island importer who boasted a somewhat roundabout relationship with Nazi Foreign Minister Joachim von Ribbentrop. The diamonds were to be brought to him, not by professional smugglers, but by relatively inconspicuous merchant seamen.

In many respects Von Clemm's daring and his social and business connections made him the ideal man for the job. He had served with distinction as an artillery officer in the German Army during the First World War, and had come to the United States shortly after the Armistice. Within five years he had become an American citizen, married a wealthy New York socialite, founded the Pioneer Import Company, and acquired a swank 130-acre estate at Syosset which became famous as the glamorous locale of some of the most cosmopolitan and lavish social gatherings on Long Island. Von Clemm was Ribbentrop's cousin by marriage, and this relationship further enhanced his growing social and business connections, on which the Nazis counted in selecting the importer as their diamond-dumping master mind in the United States.

Von Clemm accepted the assignment with enthusiasm and was informed that he would receive detailed instructions from Berlin within a few weeks. Meanwhile, the United States had not been napping. In an effort to forestall any attempt by the Nazis to cash in on the properties of their victims in occupied countries, a presidential order had been issued which forbade any transactions involving Dutch or Belgian interests unless specifically authorized by the Treasury Department. The regulation was an important factor in hamstringing the unceasing German quest for foreign exchange through orthodox channels, but customs officials realized that if any attempt were made to evade the regulation, it would be through unorthodox channels.

A shrewd hunch on the part of a customs officer in New York was the first pitfall to await Von Clemm and his Nazi chiefs. The official became suspicious when he detected an unusual thickness in the bottom of a small box being carried ashore from a ship by two seamen. He questioned the men, and learned that a German in Lisbon had hired them to deliver the box to the Pioneer Import Company. Further examination of the box showed that it had a false bottom which held several communications addressed to Von Clemm. One of these communications contained the interesting information that the diamonds would arrive within a month.

Digitized by Google Original from UNIVERSITY OF MICHIGAN

Four weeks later a group of customs agents watched with interest as a small steamer, flying the flag of a neutral country, eased alongside a New York pier. As hawsers were secured and winches began to churn for the unloading of a mixed cargo, the gangplank was run out and two seamen appeared at its head, carrying between them a box identical with that seized a month before. This time, however, officials found, instead of documents, $250,000 worth of sparkling ornamental diamonds in the secret compartment.

The two seamen told essentially the same story as had been related to the customs officers earlier. They had been approached by a German in the Portuguese capital who had offered them a handsome remuneration if they would deliver the box to Von Clemm at the Pioneer Import Company, and no questions asked.

Von Clemm was taken into custody at his palatial Long Island home. The evidence against him was overwhelming, and on August 24, 1942, he was fined $10,000 and sentenced to two years in prison for his participation in the frustrated Nazi scheme to finance enemy spies and saboteurs in America.

In passing sentence, Federal Judge James F. Leamy administered a caustic tongue-lashing to the impassive socialite-importer. "These diamonds from Holland were stained with the blood of innocent people," the jurist told him. "When, some years ago, you took the oath of allegiance, some things were asked of you and some things were not asked of you. You were not asked to abandon your love for your native land, for that would be like asking a child to abandon its love for its mother.

"But you were asked—in fact, it was demanded of you—that you transfer your loyalty from Germany to America. From the evidence brought out in this trial, I am convinced that you have not."

The enemy's need for platinum has presented Treasury officials, and particularly those in the Bureau of Customs, with another problem calling for constant alertness and vigilance. Numerous seizures of the precious metal—eastbound for Hitler's laboratories and arms factories—have been made in which ships' crews and air passengers were attempting to smuggle platinum out of this country in small bars, easily concealed on their persons. At times the metal has been molded into crude jewelry in an effort to slip it past customs inspectors.

One of the largest seizures of this type involved an officer and several seamen on the Greek freighter *Stavros*, bound from Balti-

Digitized by Google Original from UNIVERSITY OF MICHIGAN

more to Piraeus via Lisbon and Mediterranean ports. On the strength of information which they had gathered, customs officers searched the vessel a few hours before she was to sail and discovered ninety-eight ounces of platinum concealed in a cargo of grain and on the persons of crew members. Part of the metal had been molded into small ingots, and part had been beaten into chains of approximately fifty links each.

Six suspects were arrested who admitted that it had been their intention to transfer the platinum to Nazi agents in Lisbon during the *Stavros*' layover in that port. An indication of the enemy's desperate need of the metal was given by one sailor, who told the Treasury men that he and his companions had received an advance payment of $1,250 each for their part in the scheme.

Not all of the two-way smuggling is by sea. In the spring of 1943 customs agents and Secret Service men had their work cut out for them in halting a steady flow of gold across the border from Canada. The gold appeared first in Detroit, later in Buffalo, and thereafter, in steadily increasing quantities, in other northern cities. Agents assigned to the case learned that the metal had been stolen from Canadian gold refineries and sold by the thieves to racketeers who thereafter smuggled it into the United States. The operatives logically concluded that border communities in Canada would be the most likely base of operations for the smugglers, and proceeded accordingly.

Agent Earl Harper—as good a name as any until his real name can be disclosed—crossed the frontier into Windsor, Ontario. Posing as a hoodlum representing Detroit racketeers, he frequented night clubs and bars known as underworld gathering places in the Canadian city and let it be known that he was in the market for some "yellow stuff." For several days his inquiries elicited nothing more encouraging than blank stares and abrupt changes of conversation.

Finally, as Harper sat idly in the lobby of a third-rate hotel, he was approached by two quietly dressed men in their late twenties.

"We'd like to talk to you, buddy," one of them said.

"Sure thing. Sit right down," Harper replied, convinced that here was the contact which he had been seeking.

His visitors lost no time in putting their cards on the table. They had heard that he was in the market for smuggled gold. Was this true?

"That's right," Harper informed them. "And what's more, I've

Digitized by Google Original from UNIVERSITY OF MICHIGAN

got the stuff that says it's right." He extracted his wallet and opened it slightly, revealing a large wad of bills.

The flash of money had the desired effect, and the two men settled down to talking terms with Harper. Their offer was eighty-three ounces of gold at thirty dollars an ounce—$2,490 in all.

Harper took five hundred dollars in marked bills from his wallet and handed them to the racketeers. "Here's five C's on account. When do I get the stuff?"

"Tomorrow," came the answer.

"O.K.," the agent replied. "You get the rest of the dough when I get the brass." He looked at them dubiously for an instant. "Is it safe?"

Harper found it hard to conceal his elation as the pair fell for the trick and briefly described their mode of operation. "It's a cinch," they told him. "We just take it through the tunnel into Detroit. We'll meet you at the Detroit entrance in the morning."

Harper returned to Detroit and made rapid arrangements with his regional headquarters to arrest the smugglers when the transaction had been completed. The smugglers were prompt in appearing.

"Here's the money," Harper said, and handed them the $1,990 in marked bills. The two men transferred the metal from their automobile to his. At a signal from Harper, Secret Service agents leaped from a near-by car and placed the pair under arrest.

Once in custody, they talked freely in an effort to win leniency, and supplied the Treasury operatives with enough information to smash the ring and bring about an immediate and considerable reduction in gold smuggling along the Canadian border. With their co-operation taken into account, the smugglers nevertheless received terms of five years each in a federal penitentiary.

The illegal entry of narcotics into this country has always been a problem to the Customs Service, charged with the responsibility of suppressing this traffic, and war has served to accentuate the proportions of international dope peddling and smuggling. Border patrols and other customs offices have given a large quota of men to the armed services, leaving a thinner protective wall around the nation's frontiers. At the same time, curtailed shipping and seizure by the enemy of many peacetime sources of narcotics have cut down available supplies of illicit drugs and made this type of contraband more profitable than ever before, with addicts willing to pay fantastic prices to satisfy their craving.

Digitized by Google Original from UNIVERSITY OF MICHIGAN

H. J. Anslinger, United States Commissioner of Narcotics, recently reported that drugs peddled within the boundaries of the country continued to be very scarce and heavily adulterated, and were being sold at prohibitive prices. With demand far in excess of supply, narcotics smugglers and dealers find the attraction of enormous profits greater than the fear of heavy penalties and are more active than ever in attempting to run the gauntlet of customs men in large seaports such as New York, Philadelphia, Boston, Norfolk, Baltimore, New Orleans, and San Francisco, and along the Mexican and Canadian borders.

Acting on instructions from Commissioner of Customs W. R. Johnson, customs officers have intensified their campaign against narcotics-running and in 1943 confiscated 8,507 ounces of narcotics, exclusive of marihuana, at ports of entry throughout the country. This figure was an increase of 3,062 ounces over 1942. For some unexplained reason, marihuana, easily grown on empty lots and fields, has been less in evidence within the country, and more in evidence at gateways to the country, in recent years. A little under 11,000 ounces of this drug were seized by federal narcotics agents in 1943.

The majority of seizures made by customs officers have been small enough in quantity to indicate individual operations, but some of them have been important enough to point to large-scale, syndicated smuggling activity. Where closing the Mexican border to this type of traffic is concerned, customs authorities have often had the co-operation of the Mexican Government.

Officials of the sister republic to the south are closely allied with our own customs and narcotics agents in the battle against racketeers attempting to organize a drug traffic originating in the remote and fertile poppy fields of Mexico's sparsely peopled interior. The collaboration of Mexican officials has been one of the most important aids on which United States authorities could count in crippling the international traffic in drugs across the Rio Grande.

An example of how close and effective the co-operation between the two nations has been was given in the case of "La Nacha," self-proclaimed queen of the border dope racket. Officials on both sides of the frontier were inclined to agree with her in this boast, for until her activities were interrupted by the joint efforts of Mexican and United States authorities late in 1943, La Nacha held sway undisputed as the largest distributor of illicit drugs along the frontier.

La Nacha—"The Pug-nosed"—and her picturesque coterie of fol-

Digitized by Google Original from UNIVERSITY OF MICHIGAN

lowers might well have been taken from fiction. Besides a horde of lesser lights, her court included a sextet of "runners" expressively known as "The Old Woman," "The Chauffeur," "The Chemist," "The Lawyer," "The Interpreter," and "The Old Man."

La Nacha herself was a plump and pleasant-faced woman of about fifty, but her perpetually benevolent smile masked a diabolical ruthlessness and cunning. She had known the interior of dozens of Mexican jails from Juarez to Tapachula, and to this distinction had added another—the ability to turn out some of the most delectable tortillas south of the border. For all her culinary prowess, a high Mexican official termed her "an unqualified menace to the Mexican people and a danger to Mexico's security" just before she was sentenced to spend the duration of the war on the Islas Marias, Mexico's penal colony in the Pacific. When the war ends, La Nacha will be extradited to the United States to face charges contained in an indictment held open by the United States Government. When she was arrested, Mexican authorities insisted that they be given the first opportunity to convince La Nacha that crime does not pay.

To gather the vast amount of evidence which finally brought La Nacha and her followers to book, United States Treasury agents, with the co-operation of law enforcement agencies in Mexico, kept a hazardous rendezvous with the opium smugglers deep in the mountains of the southern republic. For two months they lived in daily peril that their identity might be disclosed and quick vengeance exacted by the gang.

For all the danger, some of the incidents leading to the capture of La Nacha and her cohorts had the elements of comic opera. Double-crossings, blunders, and melodrama followed in rapid succession after the agents had established contact with the smugglers, and the ensuing complications were often as ludicrous as they were dangerous.

Posing convincingly as unscrupulous Oklahoma druggists engaged in supplying drugs to reservation Indians in that state, the Treasury narcotic agents were brought to La Nacha and dangled before her an offer of business running into thousands of dollars. Arrangements for a deal with the lady had hardly been completed when the agents were furtively approached by another member of the gang who offered to undersell his chief, no matter what the price she had asked, with opium obtained from his own sources. The offer was rejected as tactfully as possible.

Digitized by Google Original from UNIVERSITY OF MICHIGAN

Not knowing what might lie ahead of them, but prepared for anything, the bogus druggists were taken by automobile and mule-back into the lonely and almost inaccessible mountains of northern Mexico. There they were formally presented to Luis Manuel Vazquez, "The Chemist," and Alberto Torres Ybarra, "The Lawyer," whose function seemed to be to supervise the preparation of opium from abundant growths of wild poppies in the vicinity. The two "scientists" likewise hinted at a highly secret process for obtaining morphine, by combining the juices of a mysterious, pure-white blossom, indigenous to the region, with crude opium, but refused to divulge their formula to the agents.

"The Chemist" and "The Lawyer," like other members of the band with whom the federal agents had come in contact, lost no time in attempting to double-cross their leader, and casually broached a proposal for a private deal which would result in "tremendous savings" for the "gentlemen from Oklahoma." What they offered was the Mexican version of "I can get it for you wholesale."

The agents received the suggestion with appropriate enthusiasm and arranged for the narcotics to be delivered to "associates" in the lonely chaparral country south of San Antonio. "The Chemist" and "The Lawyer," dressed as itinerant farm workers, were to cross the border at Laredo, Texas, and deliver the drugs at a point about a hundred miles to the north.

The "druggists' accomplices" were waiting when the two Mexicans arrived at the rendezvous, and placed them under arrest. A secret compartment in the gasoline tank of the dope smugglers' automobile yielded fifty-five ounces of morphine, for which the men admitted they had hoped to collect $8,000. They were taken to San Antonio for speedy indictment and trial, and sentenced to five years in prison, plus a $5,000 fine apiece.

Meanwhile matters were progressing as favorably for Treasury agents at the other end of Texas, despite a minor complication which threatened momentarily to upset their well-laid plans.

Under the guise of dope peddlers, agents had arranged to meet Juan Jimenez, another of La Nacha's narcotics runners from across the border, and an accomplice, on the outskirts of El Paso. As some Treasury men concealed themselves in the vicinity to await the coming of Jimenez' associate with the narcotics, Jimenez and another Treasury operative sat comfortably in the latter's car going through the motions of clinching the deal.

Digitized by Google Original from UNIVERSITY OF MICHIGAN

The agents had fixed on the sounding of the automobile's horn as a signal for them to close in and seize Jimenez and his accomplice, wanted as a key man in the local narcotics traffic, as soon as the second man had arrived. But Jimenez almost ruined the trap. Wildly gesticulating with true Latin fervor as he discussed his "deal" with the agent, he inadvertently struck the horn button with his hand.

At the blast from the horn, agents came swarming out of their concealment from every direction. Fortunately, the second dope runner had already approached, and was arrested before he could make good his escape.

Following the arrest of "The Chemist" and "The Lawyer," La Nacha and thirteen of her associates were indicted *in absentia* by a Texas grand jury. All that remained, for the law to take its course with a minimum of delay, was to catch her. Across the border, La Nacha smiled scornfully, but kept herself at a discreet distance from the international line.

She was caught soon after by Mexican authorities during a raid on the notorious café which she operated in Juarez. La Nacha knew that she was trapped, for huge supplies of narcotics stored in the cellar of the café were the irrefutable evidence which Mexican police had been seeking against her. Nevertheless, her habitual optimism did not desert her.

"How much money would be needed to make you forget what you have seen here?" she asked one of the officials participating in the raid. He shook his head with a grin. "Then how would you like an interest in my business?" she went on. "You'll be so rich in a year you won't ever have to work any more." The officer grinned again, took La Nacha by the arm, and escorted her to a waiting police car.

La Nacha's arrest removed the focal point of one of the largest international dope rings to traffic between Mexico and the United States. True, many of her followers had shown individual initiative in running profitable little sidelines of their own, but without her strident voice as a clarion call and her ample figure as a rallying point, they were incapable of carrying on as a large-scale, well coordinated organization.

The part which Mexican officers played in this case was warmly praised by Treasury Department officials in Washington. Immediately after La Nacha and her hangers-on had been removed from the scene, authorities in the United States and Canada were afforded an

Digitized by Google Original from UNIVERSITY OF MICHIGAN

opportunity to collaborate on an international scale in smashing the narcotics traffic. In this instance an attempt to run drugs across the United States, from Mexico into Canada, was involved.

The central figures of the scheme were William Levin, an American, and his wife. Levin was an old hand at dope peddling and smuggling, and seventeen years in San Quentin Penitentiary had failed to dull his appetite for this type of activity by the time he emerged from prison in January, 1944. He promptly got in touch with his wife and with Jack Sieman, a friend in Vancouver, British Columbia.

"I want to get back into the business," Levin told Sieman. "And you're the only one left of the old gang that I want to work with."

Levin unfolded the details of his plan. He would operate in Los Angeles, buy narcotics which had been smuggled across from Mexico, and send them up to Sieman for disposal in Canada. The willing Sieman furnished him with a list of reliable Mexican smugglers and gave promise of being very helpful to the ex-convict in many other ways.

"The Mexican boys will give you all the stuff you want," he wrote Levin. "After you've made a deal with them, let me know and I'll send a man down to Los Angeles to pick it up."

A week later Levin reported to Sieman that he had a shipment of opium available. Sieman dispatched Morris Irwin, a minor Canadian official, to Los Angeles with $5,000, which was turned over to Levin. On the following day Irwin, boarding a Canada-bound train at Glendale, California, with a substantial quantity of narcotics in his possession, was arrested by Treasury narcotic agents who had been following Levin's progress with characteristically alert interest. He quickly blurted out the whole story.

A few hours later, agents called on the Levins at their home and placed the husband-and-wife team under arrest. Levin took the news with stoic calm, but his wife gave indications of oncoming hysteria.

"I'll be all right in a minute," she informed the solicitous agents with a faint smile. "Just let me go into the bathroom for a minute."

Her delay in reappearing and the sounds which penetrated to agents from the bathroom prompted them to throw delicacy to the winds and force the door without further ado, in time to prevent Mrs. Levin from flushing a large wad of bills down the toilet. She had already disposed in this fashion of a large part of the money given to her shortly before by Irwin, and the services of a plumber

Digitized by Google Original from UNIVERSITY OF MICHIGAN

were required to recover the torn and soaked bills which were to complete the evidence against the pair.

Levin was returned to San Quentin to serve another term of ten years, and his wife was committed to a penal institution for a sixteen-month term. And on the other side of the border, Canadian courts were equally prompt in meting out stern justice to the remaining members of the ring when they sentenced Sieman to seven years' imprisonment, and Irwin to a five-year stay in jail.

11. The Black Marketeers

THE black market is one of the most universal phenomena on the contemporary American wartime scene, but it is far from being a new one. The term first came into popular use during the present war, but flourishing black market practices can be traced as far back as pre-Revolutionary days.

In a sense, the beginnings of the black market in this country ranked with the Boston Tea Party and repudiation of the Stamp Act as the inevitable protest of exasperated colonists against the oppressive taxation and prohibitive import duties levied on them by the British Crown. When, in 1733, the English attempted to strengthen the molasses monopoly of British West Indies sugar planters by imposing a duty of sixpence on every gallon of sorghum brought into the colonies, the colonists retaliated by smuggling in molasses from Martinique and other French possessions in the Caribbean, and disposing of it on the domestic market without benefit of tax stamps or duties paid. Similarly, an illicit trade was conducted in wines from Spain and Portugal, and tea from the Orient.

The Revolutionary War took black marketing out of the category of patriotism and converted it into a highly profitable racket instead. General Washington complained bitterly of the tribute exacted by "forestallers" who secretly bought up supplies destined for the open market, and denounced in colorful language the "engrossers" who cornered the market in urgently needed military supplies for resale at exorbitant prices. Rupert Hughes, in his celebrated biography of Washington, quotes from a letter written by

Digitized by Google Original from UNIVERSITY OF MICHIGAN

the General in 1778 which throws some light on the black marketing practices of the day.

"A rat in the shape of a horse," wrote Washington, "is not to be bought for less than two hundred pounds, a saddle under thirty or forty, boots—twenty, flour—five to fifteen per hundredweight." In another letter, Washington expressed himself thus on war profiteers: "I would to God that one of the most atrocious in each state were hung in gibbets upon a gallows five times as high as the one prepared for Haman."

The story has been the same in every war in which this country has engaged since the War of Independence. The Civil War saw prohibitive prices charged by contemporary racketeers in the South for the necessities of life and other commodities. In one form or another, similar conditions have existed in successive conflicts, but never to such a degree and on such a scale as during the present war.

The vast proportions of World War II and the tremendous demands of the Allied war machine on the civilian economy have resulted in widespread scarcities of consumer goods which are the fertile soil on which the black market flourishes. In turn, widespread economic dislocation, the diversion of essential supplies from fighting fronts, general hardship to the civilian population, and potentially dangerous inflationary trends have been the by-products of the black market, as consumers compete for the opportunity to pay exorbitant prices for available bootlegged goods.

The variety of items peddled at fantastic prices on the black market includes everything on which production has been restricted to aid the war effort. Included are structural steel and bobby pins, nylon stockings and narcotics, gasoline and garbage cans, watches and washing machines, cigarettes, and other articles far too numerous to mention.

Price Administrator Chester Bowles has estimated that between three and four per cent of the average cost of all food consumed by Americans is pocketed by black marketeers. In other words, the housewives of this country are paying the astronomical sum of $1,200,000,000 annually in tribute to the black market for food alone, and untold billions of dollars more for other essential commodities and luxuries.

Inevitable wartime scarcities of consumer goods would have produced large-scale black market operations under any circumstances. When the Government established price ceilings and rationing in

Digitized by Google Original from UNIVERSITY OF MICHIGAN

an effort to hold prices below inflationary levels and ensure an equitable distribution of available commodities to all, it had the effect of expanding the scope of the black market. Individual Americans found themselves with more money than ever before in the history of the nation, and with fewer goods than ever before on which to spend it. Those whose selfishness and personal comfort and convenience blinded them to all other considerations, including the welfare of their countrymen at home and at the front, found the black market a convenient—if expensive—means of cornering more than their fair share of rationed goods. They had the money, and if they wanted something badly enough, they were willing to pay more for it, even when it might endanger a soldier's life or start the country along the road to dreaded inflation. Any indictment of the black market must begin with that segment of the public which sees no wrong, or pretends to see no wrong, in dealing with racketeers. Obviously, if the public refrained from buying on the black market, that unsavory institution would die a rapid and unlamented death.

The British, whose experience with rationing and the black market began during World War I, entered World War II in 1939 with a comprehensive system of controls, and severe penalties backing them up, which has virtually wiped out black market operations in Great Britain. In many respects our own Office of Price Administration regulations have been patterned after British models, but the British appear to have had more success in stamping out illicit transactions in consumer goods than has been attained in the United States, despite the excellent work done by the OPA here.

One of the reasons for this success may lie in the more inclusive English system of rationing, extending to all consumer goods with the exception of a small number of highly perishable vegetables. Price control is regulated through three main agencies: the Ministry of Supply, which controls the price and supply of raw materials; the Ministry of Food, which performs the same functions for foodstuffs; and the Board of Trade, which regulates prices and supply in the case of all other commodities.

Through the Ministry of Food, the British Government exercises a monopoly on all food imports, whether purchased on the open market abroad or received from the United States under Lend-Lease agreements. The ministry is likewise the sole purchaser of domestic meat, sugar, and creamery butter, and the chief purchaser of eggs, bacon, and many other basic foodstuffs. With the exception of meat

Digitized by Google Original from UNIVERSITY OF MICHIGAN

and a few other products, the ministry relinquishes its ownership of commodities at the wholesale level and controls distribution beyond that point by maximum-price orders, enforced by its staff of more than eight hundred price inspectors. A further control over food processors, wholesalers, and retailers is to be found in mandatory, government-issued licenses which are immediately revocable where violations are concerned.

Lord Woolton, British Food Minister, has gone on record as saying that this all-inclusive system of multiple controls has made Great Britain the only European nation free from the black market. There are many who might disagree with him, but there is little doubt that British measures have succeeded in reducing black market operations in the United Kingdom to insignificant proportions. The drastic penalties which back up rationing and maximum-price regulations have been an important factor in bringing about this healthy situation. They include prison sentences of as much as fourteen years, and fines up to three times the overcharge on the bootlegged article, or five hundred pounds, whichever is larger, for any person who "contravenes an order for the control of goods, who steals a controlled article, receives such an article knowing it to be stolen, or receives a commission in respect to a transaction constituting a breach of the control." In the United States, the maximum penalty prescribed for any single violation of OPA regulations is a year in jail and a fine of $10,000.

For all the success of British price stabilization and rationing measures, the OPA in this country has made an excellent record in warding off inflation and discouraging speculation and hoarding, and has had the satisfaction of seeing the widespread resentment and criticism which greeted its appearance turn into equally widespread respect and admiration since it was established by executive order on April 11, 1941.

In the first three years of its existence the OPA examined approximately 305,000 complaints of price and rationing violations which had been submitted by its own investigators, members of volunteer local boards, and the public. Of these, 127,000 charges were dismissed at once as being without sufficient foundation, 74,000 were dropped on the same grounds after due investigation, and civil or criminal proceedings were instituted in 11,000 cases. Of the remaining 93,000 complaints, 36,000 were still in the process of investigation at the end of the three-year period, 19,000 had been settled

Digitized by Google Original from UNIVERSITY OF MICHIGAN

without court action to the satisfaction of all concerned, and 38,000 had brought warnings of disciplinary action to the offenders.

Of the 11,000 cases which it took to court, the OPA won convictions in ninety-five per cent of the criminal actions and judgments in ninety-seven per cent of the civil actions. More than 1,700 jail terms were meted out to violators of price and rationing regulations and thousands of fines levied in other instances. In cases where convictions were returned on several counts, consecutive sentences were handed down. The maximum jail sentence applied thus far for black market violations has been three consecutive terms of a year each in the case of an individual guilty of three separate violations. As a rule, the average penalty is a fine which rarely exceeds $3,000.

Like the Food Administration of World War I, the OPA began life, in April, 1941, without the authority to enforce its controls. It had inherited the vaguely defined powers of the Price Fixing Committee of the old War Industries Board, but these, apparently, did not include the power to apply penalties for violation of its regulations. It was not until early in 1942 that the enactment of the Emergency Price Control Act and the Second War Powers Act gave the OPA specific price-stabilization powers and the authority to reinforce its directives with appropriate penalties. Another weakness which hampered the early operations of the OPA lay in restrictions which limited its field of control to about half the articles of food normally consumed by the public. On October 2, 1942, an amendment to the Price Control Act considerably broadened the OPA's jurisdiction and made its operations correspondingly more effective.

One of the greatest handicaps with which the agency has had to cope has been a dearth of qualified investigators. OPA officials estimate that at least 6,500 inspectors are needed to do an adequate job of keeping prices from running wild and maintaining a watchful eye on the black market. The agency has a little more than one-third of that number of investigators in the field—less than one for each county in the United States.

To compensate for this thin spreading of investigators, the OPA has worked in close co-operation with other federal agencies and with state, county, and municipal police and health departments, motor traffic bureaus, and divisions of weights and measures. The FBI has given it valuable assistance in checking the backgrounds of defendants for prior criminal records, and the Treasury Department has collaborated frequently in cases involving counterfeit ra-

Digitized by Google Original from UNIVERSITY OF MICHIGAN

tion books. Co-operation with state and municipal governments has been so harmonious and effective that Wisconsin, Rhode Island, and New York have made violations of OPA regulations tantamount to violation of state laws, while Detroit, Cleveland, and Milwaukee have made OPA regulations an integral part of their own municipal ordinances.

A glance through OPA's vast files would show an amazing variety of activity. Taken at random, they include OPA action which ranges from the sale of ordinary steel pins at higher than ceiling prices to controlling the sale of huge structural steel beams and girders. The agency has intervened in holding the price of steel wool for kitchen use down to the ceiling price of twenty-five cents, and in preventing wholesalers from selling scarce sunglasses to retailers at one-hundred-per-cent profit, and retailers from subsequently adding an exorbitant markup to the maximum retail price before offering the glasses for sale to the public.

The shortage of refrigerators has brought about a flourishing black market trade in this household necessity, with used refrigerators selling at $100 to $200 over the ceiling price. Similar overcharges have been made in the sale of radios, tubes, parts, and servicing, with secondhand radios rising steadily in cost as they shuttle from dealer to dealer. The OPA has played a very active role in curbing these practices and protecting the public at large from victimization.

Before the OPA placed a maximum ceiling on used car prices, unscrupulous automobile dealers had been having a field day with the sale of ancient wrecks, rendering them a little more palatable to the prospective buyer with a vigorous polishing and selling them at exorbitant prices as reconditioned cars. One New York firm bought up twenty-five used and battered cars shortly before the ceiling price went into effect on July 10, 1944, and after a perfunctory cleaning and polishing, had no trouble in reselling each of the automobiles at prices ranging from $100 to $200 above prevailing market prices.

Seeking to block this type of transaction, the OPA has directed that the sale of any used car must be accompanied by a certificate of transfer, to be filed with the local ration board by the purchaser when he applies for his gasoline ration book. In executing this document, buyer and seller must certify that the actual selling price of the automobile conforms to the ceiling fixed for the particular year

Digitized by Google Original from UNIVERSITY OF MICHIGAN

and model, and that no side payments have been made to circumvent the provisions of the law.

Similarly, when racketeering automobile supply houses began to take advantage of rubber shortages by selling tires at higher than ceiling prices, the OPA took swift action to protect the riding public from gouging. Typical of the manner in which it functioned was the indictment of a Philadelphia firm which had filed false inventories of new tires and tubes in stock. Listing only half the tires on hand, the firm was able to sell the remainder at prices which far exceeded official price ceilings.

The black market in gasoline and liquor, to be discussed in greater detail in succeeding chapters, has been one of the most prevalent and complex problems facing the OPA. Authentic information indicates that more than 2,500,000 gallons of gasoline are being drained from essential civilian supplies every day in the year by an unholy alliance of gangsters, counterfeiters, dishonest filling station operators, and motorists. Highly organized gasoline dealers' rings are operating illegally along the Atlantic, Pacific, and Gulf coast areas, regions where fuel rationing has necessarily been most stringent. Genuine coupons have been stolen from rationing boards and sold to conniving service station owners and automobilists, and counterfeit coupons have deluged the country in tremendous quantities. Aside from food, the gasoline black market is estimated to be the largest single illegal operation in this country today.

Next to gasoline, liquor is the most sought-after commodity on the black market. The supply of spirits has dwindled increasingly since the distilling industry began to divert its facilities to the manufacture of alcohol for explosives and medicaments, and to the production of synthetic rubber. The conversion and resultant scarcities have given rise to what one commentator called "a creeping prohibition," and created a veritable bonanza for black market racketeers. A thirsty citizen, his pocket bulging with more money than ever before in his life, is not likely to quibble about the price or source of whatever whisky is available.

It would be hard to find two more diversified items than nylon stockings and porterhouse steaks, but these two commodities, for all their dissimilarity, typify and illustrate with equal force the variety and extent of black market operations. What has happened to milady's hose and America's meat has happened to every other article on which the black marketeer has laid his greedy hands.

Digitized by Google Original from UNIVERSITY OF MICHIGAN

When the outbreak of hostilities deprived us of our available sources of silk, and nylon went to war as parachutes, glider towlines, and powder bags for big guns, American women were deprived of one of their most cherished bits of finery. Most of them made the best of the situation, but many preferred not to. Impelled by vanity, they willingly paid from five to twelve dollars a pair for genuine nylons—but more frequently for "nylons" which were nothing better than ordinary rayon stockings available in reputable stores for a little over a dollar a pair.

There are some genuine nylon hose on the black market, but the racketeer finds it much more profitable to take the cheapest grade of rayons, selling for about sixty-five cents a pair anywhere, treat them chemically to reproduce the sheen and texture of nylons, and peddle them in attractive cellophane envelopes at ten or twenty times their cost to him. Rayon stockings thus treated lose all resemblance to nylons when the chemicals are washed out by the first laundering, or quickly rot and disintegrate because of the action of the chemicals in which they have been immersed. The money spent for these black market "bargains," literally speaking, goes down the drain with each washing.

Businessmen in Memphis, Tennessee, were recently approached by a fast-talking salesman who offered them what appeared to be nationally known brands of nylon stockings at seventy dollars a dozen pairs. Anxious to surprise their wives with this most precious of all gifts, several of the merchants took advantage of the offer, but contentment turned to consternation when their discerning mates scornfully branded the "nylons" as rayon of a distinctly inferior grade. By that time the swindler had transferred his operations elsewhere. OPA investigators found the same type of spurious nylons in a Baltimore hideout, together with large quantities of counterfeit gasoline coupons and bootleg whisky, which a gang of petty racketeers had planned to pass off on unwary purchasers at extravagant prices.

The amount of genuine nylon diverted by black marketeers from vital war needs for their own enrichment must be tremendous, if isolated raids on black market hoarders are any measuring stick. Enough nylon thread to make 42,000 pairs of stockings was uncovered by the FBI in three textile plants in New Jersey and Pennsylvania, in August, 1944. Badly needed for parachutes which might mean lives saved, and for towlines in critical airborne operations

Digitized by Google Original from UNIVERSITY OF MICHIGAN

such as those carried out in Holland in the summer of 1944, the thread was to have been converted into women's hose and sold on the black market at typically black market rates. After confiscating the nylon thread, which in its finished state would have had a black market value of nearly $450,000, and unfinished hosiery to the value of over $30,000, the FBI took three factory officials into custody on charges of having conspired to defraud the Government.

Shortly after, a surprise raid by the FBI on a Manhattan warehouse netted 6,468 pairs of nylons, capable of bringing in as much as $100,000 on the black market. The thread from which the stockings had been woven had been allotted originally by the War Production Board to mills in Scranton, Pennsylvania, but had been diverted to black market outlets in New York City by racketeers.

Diversions of this type are often the result of collusion between gangsters and unscrupulous manufacturers to whom nylon has been assigned through legitimate channels. Just as often, they are the result of hijacking, in which truckloads of nylon are held up at the point of a gun and stolen by thugs who have found a warm welcome and a comfortable niche in the black market. A favorite of hijackers is the high-grade nylon thread or cloth intended for parachutes. Stockings woven from this superior thread bring as much as ten dollars a pair when sold "under the counter."

Racketeers in nylon have little difficulty in finding outlets for their illegal wares, for almost anyone willing to turn a dishonest dollar or two without asking too many questions is a potential retailer. A Detroit beauty shop operator saw in black market nylons an effective method of luring clientele away from his competitors, and discreetly let it be known that with every permanent wave or facial would go the privilege of buying a pair of genuine nylons at the "ridiculously low" price of five dollars.

The plan had the desired effect—until the angry complaints of irate competitors brought about the enterprising beautician's arrest and the confiscation of thirty-eight pairs of nylon stockings found in his shop. He admitted that he had purchased the hosiery from a black market syndicate operating in Detroit, but contended that he had resold the stockings to his customers without profit, at the price which he had paid for them. Whatever profits he might have derived from his increased clientele went to pay a healthy fine imposed on him for violation of OPA regulations.

Perhaps the most ingenious and resourceful of all racketeers to

Digitized by Google Original from UNIVERSITY OF MICHIGAN

take advantage of the shortage of nylons was David Hickson, arrested for vagrancy in Milwaukee, Wisconsin, in July, 1944, and later extradited to Washington, D.C., where he received a sentence of from eight months to two years after pleading guilty to a charge of having obtained money under false pretenses.

Hickson, apparently, had no direct connections with the black market, but nylons were to him what the good old gold brick must have been to his predecessors of a couple of generations ago. In the sober language of the Treasury Department, whose Intelligence Unit investigators entered the case after Hickson had made claims involving the department's Surplus War Property Administration, Hickson "engineered a nylon sale that positively topped all nylon sales." In fact, Hickson's adventure was so fantastic that an incredulous Milwaukee judge who presided over the preliminary hearing in that city promptly ordered him held for mental observation!

This master mind conceived and executed the almost unbelievable feat of obtaining orders from leading midwestern merchandisers for $843,000 worth of nonexistent nylon hosiery, to be manufactured from a mythical ten million pounds of Army-rejected yarn by an imaginary factory on orders from a distributor who simply "never was."

His pockets bulging with orders, Hickson headed for Chicago to attend a fashion show being held in one of the Windy City's leading hotels. Flashing wads of orders from merchandisers in half a dozen states, he soon had thirty dealers who were attending the show nibbling for his wares. Things went smoothly for him until one cautious prospect inquired how he had obtained his nylons.

The quick-witted confidence man had a ready answer. "Oh, the Treasury's Surplus War Property Administration has approved the sales," he calmly answered. "The stuff was rejected by the Army, and the Government figures it might as well be used to boost the ladies' morale on the home front."

This bit of impudence came to the attention of the Treasury Department, and crack Treasury intelligence agents were assigned to investigate the matter. Their probe revealed that Hickson's "sales" were made on a C.O.D. basis, giving normally astute businessmen the opportunity to take a chance without running the risk of losing more than their dignity.

One merchant who fell victim to Hickson's convincing patter sheepishly explained his indiscretion thus: "My stockholders would

Digitized by Google Original from UNIVERSITY OF MICHIGAN

have had my scalp if I had turned the proposition down and it later turned out to be legitimate." Another businessman who had successfully resisted Hickson's wiles could lay little claim to business acumen in having done so. "I was just afraid the women would wreck my store and trample me to death if I ever stocked up on nylons now," was his embarrassed explanation.

The alert and versatile Hickson did not find it beneath his dignity to exit from million-dollar wholesale and retail firms and try his luck at a little house-to-house canvassing on his way back to his hotel. It was one such collection for nonexistent hose which tripped him up and dropped him into the arms of the law.

Hickson had obtained nine dollars from a Milwaukee hotelkeeper on his promise to supply her with two pairs of nylon stockings, and when he failed to deliver, she wrathfully betook herself to a police station and filed a complaint against him. In making the "sale," Hickson had explained he was a former railroad man, and this statement merely added fuel to his victim's ire. Her former husband had been a railroad man, and her resentment against the whole profession of railroading lent additional color and vigor to her denunciation of the hapless hosiery racketeer. Hickson was arrested the same evening on a technical charge of vagrancy.

When the news of Hickson's arrest percolated through to Washington, police in the capital city hastily reached for a telephone and asked their colleagues in Milwaukee for further details. The details were immediately forthcoming, and quickly revealed Hickson to be identical with the individual who had separated a Washingtonian from $67.50 in May, 1943, on representations of being able to fill orders for nylon stockings. As Washington police prepared a warrant for his extradition, Milwaukee police delved deeper into Hickson's background and activities.

It was revealed that Hickson had a criminal record dating from 1931 which included convictions for passing worthless checks, jumping hotel bills, and other misadventures, and that he had served a brief term in the United States Reformatory at Lorton, Virginia, in 1940, for obtaining money under false pretenses by means of a bad check. Asked to name his regular occupation, he modestly described himself—in a masterpiece of understatement—as a "run-of-the-mill salesman."

At about the time Hickson was overrunning the Middle West with his fictitious stock in trade, counterparts to the west were

Digitized by Google Original from UNIVERSITY OF MICHIGAN

enriching themselves by peddling large quantities of "superior Mexican nylon hosiery" on the streets of Los Angeles. Purchasers were told that the stockings had been imported from Lower California and that they possessed exceptional wearing qualities. Worn only once or twice, the stockings rapidly went to pieces. The Better Business Bureau made tests which immediately showed why. The leg and top portions of the stockings were of cheap rayon, while the toe and heel were woven from a shoddy mixture of inferior rayon and cotton.

A peculiar variation of nylon racketeering recently came to light in Chicago when disgruntled members of "Nylon Clubs" in that metropolis began to swamp desk sergeants with complaints. The "Nylon Clubs" had been organized by small department stores and women's wear shops with the laudable objective of giving customers priorities on nylon stockings as soon as they became available.

Only one catch was contained in this commendable co-operative venture. To qualify for membership, patrons were required to make purchases of other merchandise, usually dead stock of inferior quality which had lain on the dealer's shelves for months, or even years. One victim of this enterprising plan to dispose of otherwise unsalable items bitterly informed the police that she had been compelled to buy a somewhat raveled sweater, a 1937-vintage chapeau, and a jigsaw puzzle in order to get on the priority list.

Common sense would dictate wariness against the much publicized operations of nylon racketeers, but common sense is too often left behind when the lure of a gleaming pair of nylons, or pseudo-nylons, is dangled before fascinated femininity. Despite numerous exposures of this type of swindle, there seems to be no reduction in the number of nylon frauds or in the number of gullible victims who daily fill local police stations with their wails of anguish. The police do their duty, but inwardly, they no doubt second the scornful comment of one veteran law enforcement officer, following a visit by a half-dozen indignant and vociferous complainants:

"Look at 'em! They try to pull fast ones with chiselers and racketeers, and howl like the blazes when they get burnt. Ain't got no sympathy for 'em!"

Americans are among the greatest meat eaters in the world, but they accepted restrictions cheerfully when meat shortages early in the war made rationing necessary in order to ensure an adequate supply of beef and certain medical supplies for the nation's fighting

Digitized by Google Original from UNIVERSITY OF MICHIGAN

men. For a brief period, relaxation of rationing subsequently was made possible by an increased supply of meat, but in 1944 shortages had again become acute enough to warrant returning most beef products to the rationed list.

As might have been expected, the black market was Johnny-on-the-spot when steaks and chops began to appear less frequently on the national dinner table. The rationing system had been planned to give every American family a supply of nourishing beef adequate for maximum health and energy, and the American meat ration was greater than that available to any other nation at war. Nevertheless, the black market found a lucrative outlet for its illegal produce in the inevitable segment of population which invariably hungers for more than its due, regardless of consequences.

The mushroom growth of the black market in beef was reflected in a seventy-five per cent increase in cowhide shipments from unlicensed or uninspected slaughterhouses immediately after rationing went into effect, corresponding to a like increase in the clandestine and illicit slaughtering of cattle for black market purposes. To the armed forces in particular, these illegal operations were a source of grave concern, for they meant the diversion of urgently needed beef from essential supply, and the loss of many by-products of military importance, such as gelatine, insulin, adrenalin, and gut for surgical sutures.

They constituted no less a problem for civilian authorities. The black market in beef was a direct threat to the whole structure of rationing and price control. Moreover it was a constant menace to the nation's health. Representatives of the Independent Meat Packers Association testified before a Senate committee in Washington that black market beef, uninspected and processed under the most furtive, rudimentary, and unsanitary conditions, was predominantly unfit for human consumption. An epidemic of intestinal disorders in Chicago was attributed, in part, to black market meat by Dr. Karl Meyer, Medical Superintendent of the Cook County Hospital. In New York, Mayor La Guardia complained that hospitals in his city were finding it difficult to obtain adequate supplies of beef because of heavy inroads on available meat reserves by the black market, and asked for stiff penalties for food racketeers. Surveys in New York showed that meats were being sold in the metropolis at prices ranging from ten to thirty-five per cent above the ceiling.

As meat became scarcer in butchers' refrigerators, the popular

Digitized by Google Original from UNIVERSITY OF MICHIGAN

taste turned to poultry for the satisfaction of its carnivorous appetites, quickly depleting available supplies of fowl and sending prices soaring to the highest levels in years. Simultaneously, the ubiquitous black market began to display a corresponding interest in barnyard fowl. Conditions rapidly grew so acute in the New York–New Jersey metropolitan area that one hundred members of the New Jersey Retail Live Poultry Dealers Association angrily stormed Newark poultry markets in April, 1944, in what they termed "an anti-black market demonstration," and forced dealers with truckloads of poultry for New York City to return the fowl to racketeering wholesalers from whom it had been purchased.

The ever present threat of black market operations to military and civilian supply was graphically brought into the open in 1943, when Army authorities in Delaware were forced to halt and commandeer black market shipments of poultry on highways in order to meet the minimum food needs of near-by camps.

The Army had found it virtually impossible to fulfill its requirements in any other way, for poultry farmers saw greater profit in selling their production to the black market than in dealing with the Army at ceiling prices. The ring of profiteers responsible for the shortage was effectively smashed when patrols of soldiers stopped every truckload of poultry on Delaware highways and requisitioned shipments at prevailing ceiling prices where indications existed that the poultry was headed for the black market.

A corollary of the black market in some western states has been a revival of old-fashioned cattle rustling. Today's cattle thief still operates furtively at night, but from high-powered trucks instead of high-spirited steeds, and with rapid-fire rifles instead of the traditional lariat. Moreover, unlike his cinema counterpart who invariably came to an untimely end at the hands of righteous vigilantes, the contemporary cattle rustler more often survives to count his illicit profits than not. For the first time in generations, ranchers and law enforcement officers have been forced to take up arms and branding irons against the traditional scourge of the cattle ranges.

The modern rustler works rapidly and efficiently. He differs from his predecessor of fifty years ago in having no interest in cattle on the hoof, to be herded across country and resold with altered brands at markets hundreds of miles away. His preferred stock in trade is a carcass, and his outlet a black market dealer a few hours away by motor. Rifles with silencers or heavy sledge-hammers quickly

Digitized by Google Original from UNIVERSITY OF MICHIGAN

slaughter the cattle he has selected, the dead animals are deftly skinned and the hides buried in hastily dug holes, and the stolen beef is loaded on trucks for quick disposal by prearrangement with racketeering packers and butchers in near-by cities.

This large-scale revival in rustling has been reported from all parts of the West. One cattle raiser emerged from his ranch house to find that scores of steers had been slaughtered during the night, with scattered hooves, heads, and hides attesting to the skill and haste of the raiders. In many cases the incursions of the rustlers have resulted in sharp gun battles which would fill the heart of any "horse opera" fan with delight.

The average rancher, however, finds nothing glamorous and romantic in shooting it out with petty gangsters and gunmen whom the black market has transplanted from the slums of large cities to his ranges. Cattlemen's associations, law enforcement officials, and the OPA are constantly seeking efficient curbs on cattle rustling, among them a law which would make branding mandatory throughout the West, since a brand is a symbol of ownership which can be altered only with great difficulty and never erased. Another law, already effective in some western states, requires every person engaged in transporting cattle to obtain a certificate or permit covering every shipment or load. These documents, containing information on the shipper, vehicle, source of the cattle, and each animal or carcass transported, must be shown to any police officer on demand.

This method has proven extremely effective in states where it has been employed so far. Numerous trucks have been stopped on highways on suspicion of carrying stolen cattle or carcasses, and the drivers and shippers arrested when the required permits were not forthcoming. Under federal law the interstate transport of stolen livestock carries a penalty of as high as five years in prison and a fine of $5,000.

Authorities in other parts of the country may not have to contend with large-scale cattle rustling, but their hands are full, nevertheless, with other forms of beef racketeering. The ingenious devices employed by black market packers, wholesalers, and retailers to carry on their operations without detection are presenting law enforcement agencies with a perpetual and varied problem.

Under one illegal arrangement the retailer pays his wholesaler a legal price for beef but, to obtain his beef, is compelled to enter into

Digitized by Google Original from UNIVERSITY OF MICHIGAN

a tacit agreement which permits the wholesaler to shortweight him. By means of this unabashed blackmail, the wholesaler is enabled to complete a transaction which superficially conforms to OPA regulations but in reality constitutes an illegal sale. The intimidated retailer, knowing that his supply of meat is dependent on co-operation with the wholesaler, is not likely to seek redress by exposing the scheme to authorities.

One of the most common methods employed by meat wholesalers in disposing of slow-selling, unprofitable items, such as hearts, kidneys, and tripe, is to be found in "tie-in" sales, whereby the retailer must buy a certain quantity of these commodities in order to obtain the faster-moving choice cuts. This practice is illegal, and those engaged in it usually attempt to escape detection by keeping a double set of books, in which items involved in a "tie-in" sale are manipulated to conform, on paper, at least, to the law. Another common device of dishonest and racketeering dealers is to misrepresent the quality of their meat, palming off cheaper grades of beef at prices fixed for better grades.

In the long run it is the consumer who must pay for these illegal practices, whether he deals on the black market or not. Any losses sustained by wholesaler or retailer, as a willing or unwilling victim of black market dealings, are passed on to the public in higher prices, poorer quality, or short weight.

Other foodstuffs have suffered the same fate. In the New York area alone, reliable estimates place the quantities of foods diverted from regular channels of distribution to black market outlets at twenty per cent of total supplies. A retail food dealers' association emphasized the gravity of the situation in that city, late in 1943, when it asserted that black market operations in New York threatened the legitimate retail food industry with extinction. In an effort to meet black market competition and survive, many neighborhood grocers have been forced to charge above-ceiling prices for potatoes, onions, butter, eggs, and other staples.

OPA officials are cognizant of the pressures being exerted on the small retailer or consumer who balks at dealing with racketeers, and are making every effort to stiffen home front opposition to the black market by a nation-wide preventative and educational campaign. They know that the average American resents regimentation. A certain amount of regimentation is necessary in wartime, but OPA softens the effects by demonstrating how the fight against the black

Digitized by Google Original from UNIVERSITY OF MICHIGAN

market can benefit the nation as a whole and put money in the individual's pocket.

The preventative and educational program is carried out with the co-operation of ration boards and committees representing wholesalers, retailers, and consumers throughout the country who have pledged themselves to observe and help enforce price and rationing regulations. As a result of the campaign more than 15,000,000 Americans have signed pledge cards reading as follows: "I pay no more than ceiling prices. I accept no rationed goods without giving up ration stamps."

New Orleans is a typical example of a large city in which public co-operation enlisted in this fashion is making headway against racketeers. In one week 5,000 block leaders signed up 150,000 housewives in that city for the anti-black market drive. A week later 100,000 more pledges had been turned in to the OPA office by co-operating church groups, labor unions, and civic associations. Within a month after the campaign had got under way, retail food prices in New Orleans showed a drop of five per cent.

A decision of the United States Court of Appeals involving a Washington, D.C., housewife who brought suit against her grocer for fifty dollars because of a penny overcharge on a can of soup has been another valuable asset to the OPA and the public at large in combating the black market and profiteering merchants. By virtue of this decision, the court upheld a clause in the Price Control Act which entitles a consumer who has been overcharged to sue for fifty dollars, or three times the overcharge, whichever is greater. This decision, and many successful suits brought under it, have contributed to a more alert policing of prices by the consumer and have made merchants think twice before attempting to overcharge on their wares. Fifty dollars is an attractive sum to collect for detecting and fighting profiteering, or a good deal to pay for the doubtful possibility of successfully making off with an extra, illegal profit of a few cents or dollars.

The OPA has done an excellent piece of work in controlling prices and ensuring a fair distribution of scarce commodities, but its work can never be completely successful until every citizen becomes fully conscious of the danger involved in countenancing profiteering and black market dealings, and bends his efforts to smashing these threats to the national welfare as quickly and thoroughly as possible.

Digitized by Google Original from UNIVERSITY OF MICHIGAN

12. Bonanza in Bottles

WARTIME thirsts, wartime prosperity, and wartime liquor scarcities have combined to resurrect on the contemporary scene an era which—happily or wistfully, depending on the viewpoint—Americans had long since consigned to the limbo of legend.

As individuals and as a nation, Americans today are working harder than ever before. As individuals and as a nation, they have more money in their pockets than ever before. And as individuals and as a nation, they are thirstier than ever before.

Many who seldom, if ever, had indulged in alcoholic beverages before Pearl Harbor, are now seeking escape in liquor from the unaccustomed stresses and anxieties of war. Many who drank only in moderation—because their pocketbooks would not permit them to do otherwise—now find themselves with ample means with which to indulge themselves to the limit. During the five years preceding the outbreak of war, liquor consumption in the United States hovered around an average of approximately 140,000,000 gallons a year. In 1942, the year following the outbreak of war, this figure had soared to over 190,000,000 gallons—the highest rate of consumption for any year since the repeal of prohibition. These totals are exclusive of beer and wine.

Simultaneously, the production of distilled spirits was dropping abruptly, until it dwindled away to a tiny trickle incapable of slaking the thirst of even a minute fraction of the drinking public. The distilleries of this country have been on a war footing since October 1, 1942, and virtually all of their production of alcohol has been diverted from the manufacture of beverages to the manufacture of explosives, synthetic rubber, pharmaceuticals, and other essentials of war. A thirty-day "holiday" sanctioned by the Government in August, 1944, permitted distillers to turn briefly to a production of 50,000,000 gallons of spirits for the nation's palate, but much of this torrent of alcoholic cheer will not be really fit for human consumption until aging and mellowing have intervened. For many months now, the United States has been tippling from rapidly diminishing reserves. As familiar brands disappear from dealers' shelves

Digitized by Google Original from UNIVERSITY OF MICHIGAN

and state stores, and abundance gives way to stringent, spontaneous rationing by dealers, the black market takes over.

With the black market has come the reincarnation of the old familiar figures and old familiar evils of prohibition days, plus a few new ones for good measure. Bootlegger and hijacker, muscle-man and moonshiner, bathtub gin and synthetic Scotch have emerged from the moist and misty shadows of the turbulent twenties to stage a comeback incredible in its scope and variety. Perhaps the only feature not readily discernible is the speakeasy—with the baleful, challenging eye staring disconcertingly through the traditional peephole—but its absence is no more than superficial. It has given way to the vast, invisible, nation-wide speakeasy of the racketeer. And, as usual, it is the public which is being taken for a ride.

By far the most prevalent victimization to which the public is subjected is the "tie-in," whereby the consumer, in order to obtain whisky, is required to purchase an equivalent or greater amount of more abundant and less popular rums, gins, and wines. In many instances, the retailer imposes this condition on his clientele in an effort to unload slow-moving stock previously forced on him, in a like manner, by the wholesaler. Whatever the motive, "tie-in" sales are illegal, and the OPA is taking forceful action against transgressing wholesalers and retailers under the Price Control Act. Over a thousand convictions were returned on retail "tie-in" violations in a recent typical month, with fines averaging five hundred dollars for each case.

Authorities are also intensifying pressure on liquor wholesalers, with whom the "tie-in" racket most frequently originates. The Federal Trade Commission has charged several of them with engaging in unfair trade practices, but the reluctance of retailers to jeopardize their livelihoods by testifying against racketeering wholesalers has made it difficult to substantiate these allegations. The intimidated retailer knows that his stay in business will be short-lived if a resentful wholesaler decides to cut off his future supplies of stock, and there is nothing to prevent any wholesaler from selling, or not selling, as he wills. Despite these handicaps, however, the many retailer convictions obtained by the OPA and the unfavorable publicity shed on unscrupulous wholesalers by Federal Trade Commission hearings have resulted in a marked decrease of "tie-in" sales by both groups, according to recent surveys made by OPA field offices. On the other hand, other illicit practices are on the increase.

Digitized by Google Original from UNIVERSITY OF MICHIGAN

Where demand is heavy and supplies are short, the favorite device of many liquor dealers is to demand higher than ceiling prices for their wares. To add insult to injury, they not infrequently dilute or adulterate the liquor which they are selling at exorbitant prices, in order to squeeze a few more cents of profit from the deal. This form of racketeering is particularly prevalent in the vicinity of war plants and army camps. In crowded industrial areas, four and five dollars are asked—and received—for pint bottles of whisky listed to sell at a ceiling price of $1.75. Bootleggers operating near military establishments extort as much as ten dollars a pint from soldiers and sailors on week-end leave or liberty, and some of the whisky racketeers have even taken their wares to remote army posts in Alaska, where they have peddled four-dollar bottles of rye for as much as seventy-five dollars.

Obviously, no one is under compulsion to drink, and no one is compelled to submit to the profiteering tactics of the liquor racketeer and bootlegger. But it is hard for groups of lonely and isolated servicemen to take that attitude when offered the means of relieving, if only for a few brief hours, the boredom and monotony of garrison duty in the bleak North. The bootlegger knows that, and reaps his harvest accordingly.

Whisky and beer have been smuggled into far-off battle sectors in the South Pacific and sold to servicemen by profit-minded merchant sailors for prices ranging from thirty to one hundred dollars a quart. When this traffic came to the attention of high officers, they moved swiftly to smash it. An order issued by Admiral William F. Halsey, Jr., Commander of United States Naval Forces in the Western Pacific area, placed a ban on transactions of this type and warned violators that future transgressions would be "speedily and appropriately punished by United States Naval Courts." Captains of merchant vessels were instructed to make regular searches of their ships to make certain that no contraband liquor was aboard, and were cautioned to carry only liquor for medicinal purposes on their vessels. In justice to the men of the merchant fleet, only a handful of seamen engaged in this transpacific rum running, and since Admiral Halsey's order was issued, their activities have dwindled in recent months to a few isolated instances of bootlegging.

On the home front, with controls harder to impose on the civilian population, the serviceman is still the preferred target of the swindling liquor racketeer. One fly-by-night liquor peddler in

Digitized by Google Original from UNIVERSITY OF MICHIGAN

Washington, D.C., was not content to palm off bottles of so-called "ten-year-old bourbon" on soldiers at Camp Meade, Fort Belvoir, and other near-by camps at three and four times the established price. By some feat of racketeering legerdemain he managed to fill his bottles with pure, unadulterated tap water, while still keeping seals and stamps intact.

A West coast dealer who had built up a prosperous trade in delivering liquor to army camps in Southern California confected a novel swindle when demand far exceeded supply just before Christmas, 1943. Rather than disappoint his patrons and deprive himself of a handsome profit by confessing that he could not fill orders, he resorted to a device which he felt would be foolproof.

Procuring a large quantity of salvaged whisky bottles, he carefully poured a jigger of whisky into each and pasted on labels and seals to simulate standard brands, apparently untampered with. Each bottle was neatly done up in colorful Christmas wrappings, addressed to its purchaser, and laid aside for the *coup de grâce*.

That final masterful touch consisted of a sharp blow with a mallet, sufficient to break the bottle and permit the jigger of whisky to saturate the wrappings. When the bottle reached its destination, the recipient quite naturally ascribed the breakage to some mishap or mishandling in transit, and chalked his disappointment up to hard luck. Accidents of this type, particularly during the holiday rush, were common enough to give the racketeer's ruse all the plausibility required for the success of his scheme.

A few malcontents refused to see it in this light, however, and demanded refunds of the dealer. Perhaps, if he had made redress in these cases, he might still be collecting fantastic sums for his traffic in fragments of glass and a few tablespoons of whisky per customer, but he refused to assume the responsibility for the breakage and defied his indignant patrons to do their worst. They did, and the racketeering dealer will shortly do his explaining to a judge.

Reminiscent of the old speakeasy days are the frequent raids now being made by agents of the Bureau of Internal Revenue on taverns serving illicitly obtained liquor. Almost forty bars and taverns were raided in New York City alone in the course of one evening, and large quantities of bootlegged alcoholic beverages were seized on which excise taxes had never been paid. Dealers, unable to obtain sufficient supplies from wholesalers, are turning in greater numbers

Digitized by Google Original from UNIVERSITY OF MICHIGAN

to bootleggers, who, in turn, replenish their stocks from hijackers and shady distillers.

Even more reminiscent of speakeasy days is the flood of adulterated liquor turned up by Internal Revenue agents, most of it from black market sources. One bootlegger bottled his own formula, consisting of one-half whisky, one-quarter orange juice, and one-quarter anti-freeze, and disposed of thousands of bottles of this concoction by the simple expedient of pasting the labels of a reputable, nationally known brand on his bottles. Other dealers have found it easier to fill their bare shelves by commissioning small boys to collect empty whisky bottles on the streets or by purchasing bottles in quantity from junk dealers. A judicious mixture of genuine whisky and water, with the addition of counterfeit labels and revenue stamps, may produce half a dozen bottles of diluted whisky where one bottle of the real stuff existed before.

This type of racketeering is risky, however, for even the most undiscriminating palate can distinguish between a mixture of whisky and water—with water predominating—and the genuine article. Complaints from disgruntled victims led to a raid by federal agents on fifty liquor stores, groceries, delicatessens, and butcher shops in New York City on Thanksgiving Day, 1943, resulting in the arrest of seventy-five suspects and the smashing of a well-organized ring dealing in diluted liquor.

The whisky shortage has inundated the United States with a flood of imported Cuban and Mexican rums and gins, most of which are of markedly inferior quality. Low-grade spirits form the body of these beverages, and shipments of imported gin were found to be deficient in juniper flavoring, an essential ingredient. Corresponding deficiencies have been found in many imported whiskys, with chemical analysis revealing a predominance of inferior cane spirits and flavoring derived from a peculiar sediment—nothing less than charred wood—which settled to the bottom of the bottles. Officially, this confection was once known as "Imitation Whisky." With the streamlining of racketeering methods, it has now emerged as "Colored Distilled Spirits."

Acting to protect the American public from inferior, and often harmful, imported liquors, the Bureau of Customs holds up the release of imported gin products until samples have been examined and approved by Treasury Department laboratories and is taking steps to require that the age of products reputed to be whisky be

Digitized by Google Original from UNIVERSITY OF MICHIGAN

clearly declared on customs declarations. In many instances the Treasury Department has withheld application on liquor labels until samples of the product in question have been analyzed and its content shown to be as stated. Other manufacturers, domestic as well as foreign, have been compelled to change their labels when analysis showed that they had misrepresented the proof-content and age of their products, or had adulterated their product after labels had been affixed.

The majority of these diluted and adulterated liquors are merely unpleasant to the taste, or, at the worst, nauseating to the user. Some, however, are deadly as poison, and might best be labeled with a skull and crossbones to indicate their after effects.

District of Columbia police recently encountered the body of a man lying in an alley with a bottle of poison alcohol still clutched in his stiff hand. The liquid had dribbled over his chin and clothing, eating away portions of skin and clothing. Some, which had trickled across his forehead, had discolored patches of hair. Chemical analysis of the remaining contents of the bottle soon showed why. The "beverage" contained a mixture of paint remover, a deadly lead compound, and a popular brand of cleaning fluid!

While probing the death, the police discovered a large number of "alley bars" operated by small-time racketeers in poorer sections of the city. A drink of "smoke," wood alcohol diluted with water, or of anti-freeze solution mixed with orange juice, cost the imbiber a few cents.

Similarly, when fourteen tipplers died agonizing deaths in Brooklyn, New York, recently, and a score of others were taken violently ill, police discovered that they had been indulging in wood alcohol purchased at a neighborhood grocery store. The benevolent-looking grocer was promptly arrested on a charge of homicide, and is due to appear for trial shortly.

As might have been expected, prevailing thirsts and liquor shortages have given new impetus to the ancient art of the moonshiner. During the last half of 1943 and the first half of 1944, federal agents seized and destroyed more than 14,000 illicit stills and took 24,456 earnest home brewers into custody. The fourteen states of the South, famed in fable and song as the stronghold of the moonshiner, lived up to tradition by accounting for ninety-six per cent of illicit stills destroyed during the first six months of 1944 and yielding eighty per cent of those arrested.

Digitized by Google Original from UNIVERSITY OF MICHIGAN

These figures undoubtedly would have been much higher, were it not for counterbalances imposed on moonshining by wartime rationing of sugar and gasoline. Approximately one hundred pounds of granulated sugar are needed to produce from five to ten gallons of moonshine, and even the most gullible ration board would be inclined to look askance at a mountaineer's request for several hundred pounds of sugar for "canning and preserving." Moreover, moonshining has not yet been classified as an essential war industry for gasoline-rationing purposes, and the few gallons of fuel obtainable on an A ration book would hardly suffice the moonshiner for more than a trip or two from his hillside retreat to market, while the cost of black market gasoline would inevitably wipe out any possible profits from moonshining on a commercial scale.

The more compact industrial areas of the North, however, have made moonshining an attractive and profitable activity above the Mason-Dixon Line. Many operators of northern stills have been able to make arrangements with racketeering food wholesalers to secure large supplies of rationed sugar for the clandestine manufacture of whisky and other potables. As early as September, 1942, Treasury Department agents seized 10,000 pounds of "hot" sugar in a Manhattan warehouse, after learning that it was being stored for a gang of moonshining bootleggers who had planned to favor New York City with large quantities of their home-brewed product.

In Philadelphia, Anthony Bruno Casella and five co-defendants were clapped into jail for operating a huge still in the Quaker City. In chaste Roxbury, Massachusetts, Samuel Zetzer and three confederates were convicted early in 1944 of distributing their own brand of tax-evading whisky, manufactured in a 1,000-gallon still, in the Boston area. Vito Giallo and thirty-three accomplices likewise were sentenced to prison in 1944 for maintaining seventeen actively functioning distilleries in half a dozen counties in New York State, without benefit of excise stamps.

Big-time bootleggers, the only ones who really count today, can afford to look upon such picayune ventures with disdain. Working with well-organized gangs of assorted thugs and racketeers, protected by a carefully guarded anonymity and unscrupulous lawyers, and armed with ample funds for large-scale operations, they are able to tap sources of liquor which run into millions of gallons a year. One of their chief sources of supply is hijacking.

Not since the gory, rough and tumble days of the prohibition

Digitized by Google Original from UNIVERSITY OF MICHIGAN

era has the country witnessed anything resembling the reign of terror which exists along the nation's motor routes today. Bands of gangsters, armed to the teeth in the best tradition of the twenties, lie in waiting along express highways to ambush and rob huge motor-freight trucks of their burden of liquor. Murder means nothing to these thugs where a prize of as much as $100,000 is involved, and cross-country drivers live and drive in mortal terror of a rampant gangsterism identical in every respect with that which cost thousands of lives and millions of dollars in stolen property less than a generation ago.

The technique of the hijacker follows a set pattern in most cases. He and his hard-bitten accomplices work best at night, along lonely stretches of highway. The road is blocked with one of the gang's automobiles or some form of barricade, and as the huge express truck rolls slowly to a stop, the hijackers take possession at the point of pistol or submachine gun. From then on, their work is a routine matter of unloading the cargo from one truck to another, or of stranding truck driver and helper on the roadside while they make off with the truck. The truck crew is fortunate which escapes from such an encounter unscathed. Any resistance is instantaneously answered with a crippling beating or bullet.

Many hijackers who ordinarily specialize in liquor are not averse to stealing truckloads of other scarce and rationed articles, from canned goods and coffee to shoes and stockings, when the opportunity presents itself. Police reports show that even shipments of laundry have been hijacked and carried off!

As a rule, the hijacker is most successful when he confines his operations to thinly policed stretches of highway far from towns and cities. But at least one instance is on record where a hijacking gang made off with $94,000 worth of liquor and other valuable commodities in the heart of the nation's largest and most populous metropolis!

The huge cross-country trailer-truck had just emerged from a New York warehouse and was proceeding cautiously down an alley on the first lap of its inter-city trip of several hundred miles. Suddenly, an automobile turned sharply into the alley from the street and came bearing down upon the truck. The driver, to avoid a head-on collision, hastily applied his brakes and in no uncertain terms gave vent to his feelings through the open cab window.

Digitized by Google Original from UNIVERSITY OF MICHIGAN

The automobile glided to a halt a few inches from the truck, and four men emerged. Each carried a sawed-off shotgun.

"O.K., buddy, you can button up that lip," one of them grunted as he came alongside the driver. "This is a stick-up. You can start getting out now."

The driver hesitated for an instant and his hand reached a fraction of an inch toward the alarm button on the dashboard. The hijacker's gun moved a trifle. With a shrug, the driver opened his door and clambered down from the truck. His helper followed.

Two of the gangsters herded the luckless truck drivers into the automobile, while their two companions climbed aboard the truck. A few blocks away, the cavalcade stopped for a moment to eject the truck drivers, hands securely bound and mouths stuffed with wads of gauze and plastered with adhesive tape, and proceeded on its way.

Where the contents of that particular truck went, only the black market could say. But typical of the manner in which hijackers dispose of their loot was "Money-Bucks" Brown, an erstwhile small-time criminal who suddenly blossomed forth in unaccustomed prosperity. In normal times, "Money-Bucks" eked out a precarious subsistence from panhandling and handouts, puffed mournfully on cigarette butts retrieved from the gutter, and as often as not spent the night on a park bench.

With the coming of war, "Money-Bucks" abruptly underwent a metamorphosis akin to that of a butterfly emerging from the cocoon. Clouds of aromatic smoke belched from a fragrant Havana clenched between his teeth. His expanse of unwashed, exposed throat and chest was now enclosed in expensive shirts of silk and colorful foulard cravats. If "Money-Bucks" revisited the park, it was as a gentleman on a pleasant evening stroll, for a luxurious apartment awaited his return.

The secret of "Money-Bucks'" affluence was not long in revealing itself. Discreetly establishing friendly relations with bellboys, desk clerks, porters, and other personnel of Manhattan's largest hotels, he had arranged for them to serve as contact men with thirsty guests for the sale of bootlegged liquor. Subsequent investigation by the police disclosed that his wares were being supplied by a hijacker friend.

"Money-Bucks'" bubble was perforated one unhappy evening when a visiting fireman balked at paying twenty dollars for a bottle of Scotch and filed an irate complaint with police. The bellhop who

Digitized by Google Original from UNIVERSITY OF MICHIGAN

had made the sale was prodded into revealing his source of supply, and hastily implicated Brown.

Gone now are "Money-Bucks' " finery and lush living. He is back in the penitentiary which a series of minor escapades had made all too familiar to him in less prosperous days. But thousands of others still ply their trade as "Money-Bucks" plied his, serving as channels for an endless stream of hijacked liquor selling at fantastic prices.

The sharp increase in hijacking has compelled insurance companies to fix higher premiums for motor-express cargoes. During the first six months of 1944, 102 hijackings were reported to police throughout the country, as opposed to 83 for the corresponding period a year before. The Liquor Credit Association of Chicago has estimated the loss from stolen liquor in its trade area alone, during the first half of 1944, at $116,922. More than half of this loss was traced to actual hijackings, and the remainder to large-scale thefts from warehouses, liquor stores, and taverns. All of it found its way back to the public, at several times the ceiling price, through the ubiquitous black market.

Not quite so grim as hijacking, but equally as effective, are multiple other ruses employed by bootleggers to keep the flow of black market liquor moving. A common practice is for dealers to sell the cream of their limited stocks directly to bootleggers, at prices considerably higher than maximum prices fixed by the OPA. The dealer, in this fashion, nets a larger profit than would be possible in over-the-counter sales to the public and eliminates the possibility of being haled before a court by outraged customers for profiteering. The bootlegger replenishes his wares from abundant, easily accessible sources and assures himself a handsome return by reselling the liquor at three, four, or five times its legal value.

This method, however, has one serious drawback. For tax purposes, Internal Revenue regulations require each dealer to keep a record giving the name and address of the purchaser and a complete description of the transaction in all liquor sales exceeding five gallons per customer. Since most sales to bootleggers involve more than five gallons and come under this requirement, liquor dealers are forced to resort to subterfuge, usually in the form of fictitious names and addresses and false statements of merchandise sold, in order to cover up their illegal dealings.

Internal Revenue agents are particularly on the alert when such transactions are indicated on dealers' records, and a number of rack-

Digitized by Google Original from UNIVERSITY OF MICHIGAN

eteering retailers have been detected and tripped up on tax evasion charges in recent months. A crack-down on activities of this type in the District of Columbia in July, 1944, led to the indictment of half a dozen dealers by a federal grand jury on evidence submitted by Assistant United States Attorney Sylvan Schwartz, with further indictments to follow.

One of the most ingenious, if not the most successful, of bootleggers was a frugal soul in Cincinnati who hit upon an unusual means of enlarging his profits by eliminating storage rentals. Rather than pay rent for warehousing of accumulated stocks, he loaded the day's acquisitions into his car each evening, drove to a large, empty lot on the outskirts of the city, and under cover of darkness buried his liquor in holes which he dug, filled in and carefully camouflaged with underbrush and rubbish. At one time, he was estimated to have had several thousand dollars' worth of liquor cached in this manner. When he promised to "dig up" a bottle of liquor for a client, it was in the most literal sense of the word. As soon as sufficient orders had accumulated, he would journey again by night to his buried stock and with pick and shovel remove whatever merchandise was required to meet the current demands of his clientele.

The inevitable was long in happening, but eventually it happened. Some nocturnal wanderer who had observed the bootlegger at work quickly spread the joyous word. When the bootlegger returned a few nights later to make necessary withdrawals, it was to contemplate an area more effectively pitted with holes and craters—all empty—than any no man's land.

The bootlegger, bereft of recourse to the police, accepted his loss as philosophically as possible and betook himself elsewhere.

No chronicle of the present-day operations of liquor racketeers would be complete without mention of the illicit activities of certain distillers and the horde of so-called "liquor brokers" spawned by wartime shortages.

On several occasions obscure distillers have been indicted and convicted for conspiring to sell their product at higher than ceiling prices and thereby violating the Price Control Act. To minimize the possibility of detection they prefer to work through a "broker" who acts as intermediary between distiller and wholesaler. For a stipulated commission the "broker" guarantees to provide the wholesaler with specified quantities of whisky and other alcoholic bever-

Digitized by Google Original from UNIVERSITY OF MICHIGAN

ages, and thereafter divides the fee with the racketeering distiller whom he "represents."

Most wholesalers readily agree to pay the commission requested in order to replenish their waning stocks, but rarely take a loss by doing so. The wholesaler recoups the "broker's" charge by passing it on to the retailer, while the latter, in turn, passes it on to the ultimate victim—the public.

Legitimate, law-abiding distillers and dealers are gravely concerned by the position in which they have been placed by the abuses of a handful of racketeering distillers and a larger group of unscrupulous wholesalers and retailers, against a backdrop of lawlessness provided by bootlegger and black market. The industry, which has played a vital part in the war effort, now finds itself in the thoroughly unenviable position of being sniped at by Wets for not manufacturing enough whisky, and being saddled by Drys with the responsibility for all current evils and excesses traceable to a whisky bottle.

The picture is not a pleasant one, and temperance forces have taken full advantage of the situation to urge the passage of legislation leading to a return of prohibition. Their opponents point out, with considerable basis in fact, that the source of all the evils denounced by temperance organizations is the quasi-prohibition imposed on the country at present, not by legislation, but by the demands of war, and that prohibition was the cause of greater violence and crime in the twenties than was ever experienced by this country before or after. Whatever the merits of the respective arguments of Wets and Drys, it is not inconceivable that today's liquor racketeering might bring about a widespread public revulsion which, in turn, would lead to another dry or semi-dry era.

13. Pipeline to Plunder

THE damp chill of a February evening in 1944 was closing in on the little filling station near Newark, New Jersey, when a shiny sedan swung in from the highway and rolled smoothly to a stop abreast of the fuel pumps. Two men, hat brims

Digitized by Google Original from UNIVERSITY OF MICHIGAN

well down over their eyes, occupied the front seat. The driver cast a quick glance toward the road and sounded an impatient blast on his horn.

Mrs. Clarissa Werthel appeared in the doorway of the station and approached the car. "I'm sorry, gentlemen, but I won't be able to serve you now. It's after closing time."

"We don't want any gas, lady," one of the men retorted. "We want to see the boss of this joint."

"My husband and I own this place, but he had to go into town," Mrs. Werthel explained. "Perhaps you could leave your name or come back tomorrow——."

"If you're the owner, you'll do," the driver broke in. He and his companion got out of the car and stared appraisingly at Mrs. Werthel for a moment. Noting her growing nervousness, one of them grinned reassuringly. "Nothing to worry about, lady, this ain't a stick-up. Let's get into your office for a minute. It's cold out here."

Mrs. Werthel was soon made acquainted with the reason for this strange visit. "Look, lady, we're going to put you in the way of some extra dough," one of the men told her. He reached into a voluminous overcoat pocket and withdrew a wad of gasoline coupons which he dropped onto the table.

"Genuine counterfeit gas stamps, lady. Can't be told from the real thing. That batch will set you back a hundred bucks, but you'll get it all back and a lot more fixing your customers up, and nobody'll know the difference. O.K.?"

"Certainly not," Mrs. Werthel angrily replied. "I'll have nothing to do with your black market schemes." She took a nickel from the cash register and moved toward a pay telephone on the wall. "What's more, I'm going to call the police."

One of the men lunged at her and seized her arm. Mrs. Werthel struggled vigorously and broke from his grasp. Scooping up the wad of coupons, she tore it in half and darted toward the door. Before she could make good her escape, the thugs had pinioned her and dragged her back to her chair. "We're going to teach you a lesson you'll never forget," one of them snarled.

The woman struggled helplessly in his grasp as his companion took some newspapers from a trash can and applied a match to them. "Next time you'll want to go along with us," he said, coming toward her.

Digitized by Google Original from UNIVERSITY OF MICHIGAN

As the flaming paper seared her arms, Mrs. Werthel fainted and slid forward onto the floor. The thugs, with an indifferent glance in her direction, gathered up the station's gasoline coupons and record books with an efficiency which betokened long practice, dropped them into the old-fashioned stove which heated the office, and with a casual air walked to their car and drove away.

Those who recall the lurid gangster reign of terror which marked the turbulent twenties will find something unpleasantly reminiscent in the Jersey filling station episode. Shootings, torture, mutilation, beatings, bombings, and burnings were among the favorite methods employed by bootleggers and thugs in the days of prohibition—and by their present-day successors—in "persuading" others to fall into line with their illicit operations.

Today, the black market in gasoline, like the black market in liquor, is systematically organized and controlled by the same motley array of bootleggers, drug peddlers, pimps, safecrackers, counterfeiters, professional killers, and assorted underworld characters which loosed a wave of bad liquor and violence on the nation a generation ago.

Many of them are seasoned veterans of the twenties who have emerged from the obscurity of prison or petty racketeering to cut their share of the black market melon in gasoline and liquor. They are not as young as they used to be, but they are that much the wiser. Others are newcomers to the scene, making up in raw ruthlessness and savagery whatever they may lack in experience and finesse. Young or old, they already have given rise to widespread gang warfare and murder in their bitter fight for control of the lucrative gasoline racket.

It was inevitable that the underworld should take a hand in the game when tire conservation, the dearth of tank-cars, and the mounting needs of the armed forces and essential civilian activity made gasoline rationing necessary. As a sound, paying racket, the traffic in gasoline and counterfeit or stolen ration coupons gave promise of surpassing even bootlegging as a source of illicit riches. The work was clean and comparatively agreeable, risks were relatively few, and the type of commodity involved permitted lower operating expenses than in rackets dealing in liquor, drugs, furs, or gems. Armed with thick batches of bogus gasoline stamps costing little, or purloined stamps costing nothing, well-organized gangs could gather in hundreds of thousands of dollars by merely "persuading"

Digitized by Google Original from UNIVERSITY OF MICHIGAN

filling station operators, willing or otherwise, to purchase their wares.

Authoritative estimates have placed the quantity of gasoline drained from civilian and military supply by the black market at 2,500,000 gallons a day. What this means in terms of per capita consumption is highly important to the individual motorist. If the black market in gasoline, by some miracle, could be eliminated tomorrow, each A-card holder might count on an immediate increase of more than fifty per cent in his gasoline allotment.

The scope of black market operations in gasoline is further reflected in OPA estimates which indicate that approximately fifteen per cent of all C-class gasoline coupons now circulating are either stolen or counterfeit, and that eight per cent of all B coupons and one per cent of A coupons fall into the same category. Approximately thirty per cent of all gasoline coupons in circulation in the New York City area are believed by competent authorities to be false or stolen, and even higher percentages have been attributed to other communities. Fifty per cent of coupons in circulation in Milwaukee, Wisconsin, and Raleigh, North Carolina, are reported to be spurious. Forty-five per cent of coupons redeemed by gasoline station operators in Baltimore, Maryland, originate in the black market; forty per cent of coupons in Newark, New Jersey, derive from the same source, while thirty-five gallons of fuel out of every hundred sold in Chicago are in exchange for bogus stamps.

The men behind this vast underworld racket, which has struck a telling blow at the nation's wartime transportation and at the war effort in general, are as well organized as any army. In effect, each gang is in reality a group of gangs, all closely interrelated and all taking orders from the big-time gangsters at the top of the pyramid. The manner in which a gang is planned and organized makes each of its units—whether of counterfeiters, strong-arm men, distributors, or "salesmen"—completely dependent on all the others and incapable of functioning independently of them. A further incentive to close and effective co-operation is the ever-present threat of instantaneous reprisal, ranging from brutal beatings to sudden death, with which recalcitrant and double-crossing members are punished.

In its rough outlines, a well-organized gang of gasoline racketeers will include skilled counterfeiters to duplicate gasoline ration books and stamps, and "wholesale" distributors who receive large quantities of books and stamps from the counterfeiters and pass them on

Digitized by Google Original from UNIVERSITY OF MICHIGAN

to "salesmen," who, in turn, sell them to lawless filling station operators and motorists, or force them on law-abiding operators. Some gangs boast groups of thieves who supplement the counterfeiter's efforts by looting ration boards of books and stamps. All of them have a strong-arm squad to hold individual members of the gang in line and persuade unwilling filling station operators to "co-operate."

The counterfeiters, many of whom have abandoned the more complex and hazardous manufacture of currency for the relatively safe and easy pickings of the black market, easily rank as the aristocrats of the gasoline rings, for on their skill and craftsmanship usually depends the success or lack of success of the venture. OPA and Secret Service officials can testify that in many cases the counterfeiters have amply justified their high standing in the underworld, for even experts have often been unable to distinguish bogus gasoline stamps from the real thing at first glance. Only when stamps are subjected to chemical or light tests in Secret Service laboratories do many counterfeits reveal themselves as such. An ordinary household solution of chlorine, when applied to the back of a genuine stamp, will bring out the same basic design imprinted on the face of the stamp, whereas no reaction will take place where a counterfeit stamp is concerned. Under infra-red rays, genuine coupons will glow brightly, but fakes will appear to be a dull brown in color.

However not even these tests are infallible in every instance. Cases have been reported where paper identical with that employed by the government has been stolen from mills, warehouses, and printing plants under government contract and used in the manufacture of counterfeit gasoline stamps. To prevent such thefts, Secret Service and FBI agents keep such establishments under as complete a surveillance as possible, forcing the majority of fuel racketeers to fall back on specially prepared paper which resembles that used officially but which quickly reveals its spurious origins when tested in the laboratory.

The counterfeit stamps are usually run off on clandestine presses hidden in small printing shops, basements, behind pool parlors, or in other places off the beaten path of law-abiding citizens. Ordinarily, each press is used only for a short time, to lessen the possibility of detection. Each gang owns its own engraving plates, and as the supply of coupons requires replenishment, moves them from printer to printer to confuse the trail as much as possible.

Once a batch of imitations has been printed it is taken to a pre-

Digitized by Google Original from UNIVERSITY OF MICHIGAN

determined distributing point, generally in another city. Transportation of the coupons offers no problem, for a package of C coupons worth from $8,000 to $10,000 at black market "bargain prices" is small enough to be carried easily in an overcoat pocket, and enterprising racketeers are now packaging quantities of A coupons, worth about seventy-five dollars, in small two-by-three-inch envelopes for resale to motorists at war plants, bars, and other likely spots.

As a general rule, the distributor meets the counterfeiter at an appointed time each week. Let us say that at one of these meetings he arranges for the purchase of a quantity of C stamps.

The average price of C coupons to the "wholesale" distributor is approximately fifteen cents. In turn, he sells them to his first "retail salesmen" for twenty cents a coupon, and this process continues through as many as three or four, or more, "retail" distributing levels until the coupons reach the hands of the small fry who do the actual selling to gasoline stations and individual motorists. At this point the prevailing price of C coupons to individual automobile operators may be as high as fifty cents, with handsome discounts for purchases in quantity. The racketeer knows how to handle co-operating clients properly—contrariwise, he knows how to handle those who refuse to co-operate—but his approach is apt to be direct and forceful.

There is one ironclad rule, not easily violated, which is observed in all these transactions. Each group handling the coupons must willy-nilly turn back a percentage of its profits to the leaders of the gang, under penalty of mayhem or death. The anonymity of the higher-ups, whom lesser members of the gang frequently know only by sight or as a telephone number, does not stand in the way of the smooth and speedy fulfillment of this unwritten obligation.

Depending on the abundance or scarcity of the local gasoline supply, the crooked or intimidated filling station operator sells his fuel at from ten to twenty-five cents a gallon over the ceiling price, without necessarily requiring coupons of the motorist. He can draw upon his reserve of counterfeit stamps to compensate for any differences between the amount of gasoline sold and the number of genuine stamps on hand, when the moment arrives for him to settle his account with the OPA.

This periodic reckoning with officialdom is essential in order that the filling station operator may obtain additional supplies of gasoline, varying in accordance with the value of the coupons turned

Digitized by Google Original from UNIVERSITY OF MICHIGAN

in to the OPA. To lend authenticity to the falsified coupons which he has thrown in with the genuine, the racketeering dealer may endorse them with automobile license numbers selected at random from passing cars or with numbers suggested by his own ingenuity. At times, family and friends may co-operate in supplying a variety of handwritings, to ward off the possible suspicion which might be awakened were several hundred coupons to be turned over to the OPA all endorsed in the same script.

Once the coupons are in the possession of the OPA, specialists in eight regional verification centers scrutinize them closely. Even when stamps appear to be authentic and printed on genuine government paper, they are checked for faulty printing, improper coloring, or other indications of falsification. If a new angle in counterfeiting is encountered, its locale is spotted on a map and reported to national OPA headquarters in Washington. Frequently, a filling station operator may endorse a block of six or seven C stamps with the same license number, representing a quantity of gasoline which no existing gasoline tank is capable of holding. OPA investigators, on the alert for such discrepancies, lose no time in getting on the trail of the absent-minded dealer.

Each indication of traffic in counterfeit or stolen gasoline coupons is met by the OPA with painstaking investigation. The probe is usually slow and tedious, and may often prove fruitless if counterfeiting in a given area has gained enough momentum to get out of control of OPA enforcement officers and police. In most cases, however, the OPA is making excellent headway against the black market in gasoline.

As a first step the license number on the suspected coupon is referred by OPA field offices to the appropriate state motor vehicle bureau for verification. Often, this check reveals a non-existent registration or points to a perfectly innocent motorist whose license number has been appropriated, in passing, by the racketeering dealer for OPA purposes. Just as often, it turns up a valuable lead.

Step by step the trail is carefully followed until it narrows down to the delinquent dealer and pressure is brought to bear on him to reveal the source of his bogus coupons. Ordinarily filling station operators found guilty of trafficking with the black market may be punished by a jail sentence, fine, or suspension of the right to sell gasoline. But the government will deal more leniently with those who co-operate in smashing black market gangs than with those

Digitized by Google Original from UNIVERSITY OF MICHIGAN

who do not, and that fact is tactfully pointed out to the dealer. As a rule, he co-operates and may supply enough information to permit authorities successively to uncover each stratum of the gang, until the racketeers at its head are reached. OPA field office progress in breaking up a particular gasoline stamp ring is carefully recorded and correlated at national headquarters, and often proves invaluable in smashing other such organizations.

An additional aid to OPA investigators in tracking down malefactors was provided in July, 1944, when the eight regional verification centers were established as a means of ensuring better control of ration currency. Formerly dealers and distributors had been required to deliver collected ration coupons to banks, which undertook to examine them for counterfeiting before forwarding them to OPA offices for maceration. This system was found to be unsatisfactory, however, for already overburdened bank employees lacked the time and training to perform the specialized task of sifting spurious coupons from the genuine with the necessary accuracy and thoroughness, and the eight regional centers resulted.

The careful examination of each ration coupon by OPA regional specialists has already helped to stem two forms of evasion which were formerly practiced widely. Dealers are permitted to deposit the ration stamps which they have collected in envelopes, which are then weighed on precision scales to determine the value of their contents, or on gummed sheets which facilitate rapid counting of the stamps which they hold. Before the OPA regional verification boards went into action, unscrupulous merchants frequently padded their envelopes with expired coupons or pieces of paper cut to the size of coupons, or pasted counterfeit stamps on the gummed sheets and trusted to luck that they would be overlooked by the harassed bank clerk responsible for inspection. The close scrutiny now given each stamp by the OPA has reduced these evasions to a minimum.

Many crooked service station operators, aware of the precautions being taken by the OPA and alive to the penalties for transgression, will refuse to buy counterfeit coupons unless they are printed on paper which will react to simple tests in the same manner as official government paper. Most of them are familiar with the chlorine test described above, and insist on putting bogus stamps to this test before they will purchase in quantity.

For such excessively cautious souls, the black market often obligingly provides a happy alternative. If a dealer shies away from

Digitized by Google Original from UNIVERSITY OF MICHIGAN

inferior-quality counterfeits because of the danger of their being detected, the racketeers will supply him with genuine, government-printed coupons—stolen in quantity from local ration boards in another community. The theft of gasoline stamps, while a lucrative and extensive activity, is normally a sideline as far as the larger gangs are concerned, and comes within the province of petty thieves who previously devoted their talents to housebreaking and modest burglary. The big money—with a minimum of risk—still lies in well-planned and well-organized counterfeiting.

Nevertheless, ration-board thefts have been recorded in certain areas on a scale which threatened to wreck the whole structure of rationing. The most notorious of these burglaries occurred early in 1944 in Cleveland, Ohio, when the city's largest ration board was looted by several of its employees and more than 5,000,000 gallons of gasoline poured into the black market before officials succeeded in detecting and plugging the leak.

The thieves did not restrict their activities to gasoline stamps, but also made off with large quantities of food points which were subsequently sold to downtown hotels and restaurants. The investigation which followed disclosed a situation which was fantastic.

It was revealed that one night-club owner had acquired so many stolen meat stamps that he had used them to buy expensive cuts of beef for his dog when meat was at its scarcest in Cleveland. The proprietor of another cabaret had meat coupons equivalent to 7,000 ration points pressed on him by a tipsy ration-board thief, overcome by an excess of generosity after having wined and dined himself well at the establishment. Some of the city's largest bakeries and confectionery stores had returned to peacetime production of pastries and bonbons with huge quantities of sugar made available to them by the purchase of stolen sugar stamps. It was charged that swank hotels had frequently honored some Office of Defense Transportation and ration-board employees later shown to be the thieves, with lavish steak parties. A sweeping investigation by the OPA terminated in a federal grand jury indictment of the former manager of the Cleveland Office of Defense Transportation and of the former chief clerk of the ration board at which the thefts had taken place. Vigorous action was also taken against their accomplices.

Happily, the overwhelming majority of ration-board employees are honest, hard-working individuals, many of them volunteers with no other thought than to contribute their mite to the war effort,

Digitized by Google Original from UNIVERSITY OF MICHIGAN

who have done an amazingly efficient job in administering the rationing program. The few who have betrayed their trust cannot detract from the magnificent record of the thousands of OPA board members in every part of the country whose devotion to their country has done so much to halt the spread of inflation and speculation and ensure a proper distribution of essential commodities to all.

Another gigantic theft took place in Washington, D.C., when 20,000,000 gallons' worth of used gasoline and fuel oil stamps was stolen from a wastepaper firm to which they had been taken for destruction. The thieves lay low for several weeks. Then the stolen coupons began to appear in alarming numbers.

Officials acted quickly. Service station owners were warned to be on the lookout for the coupons, and the alertness and co-operation of filling station operators brought about the arrest of several peddlers as they attempted to dispose of their stubs. It was hoped that the arrests would lead to the perpetrators of the theft, but the small-fry salesmen, before they went to jail, were unable to cast much light on the original source of the coupons. To this day, the manner in which the theft was perpetrated remains a mystery.

OPA officials have taken effective steps to reduce the possibility of theft from ration boards, or at least to keep such thefts to a minimum. From the chairman of each board down, members are instructed to have no more than a normal day's supply of stamps on hand at any given time. Any surplus at the end of the day must be deposited in a local bank vault, police station, jail, or post-office strong box for safekeeping.

Moreover the tracing of stolen coupons has been simplified by another recent safeguard. All gasoline stamps now bear a serial number, duly credited to the issuing ration board and to the motorist holding them. If stamps are stolen the field of investigation immediately narrows down to a particular area and particular individual, or group of individuals, making investigation correspondingly more effective and rapid.

In the majority of black market gasoline investigations, the service station operator is the real springboard for investigation. Counterfeit and stolen coupons are traced back to him first, whether he has knowingly or innocently handled them in return for gasoline, and from that point law enforcement officers work their way upward through the various levels of gangsterdom involved in the racket until they reach the ringleaders.

Digitized by Google Original from UNIVERSITY OF MICHIGAN

Consequently the part which the individual filling station owner plays can be of tremendous importance in smashing the black market in gasoline. Many conscientious dealers already have given the government full co-operation, with excellent results.

At the beginning of 1944, the San Francisco area was abruptly flooded with thousands of spurious gasoline stamps. More than 3,000,000 gallons of gasoline were sold illegally during a few days, as OPA officials sought to find the racketeers responsible and stem the flow of precious fuel to the black market. It was suspected that several filling station operators were dealing in bogus coupons, but sufficient evidence was lacking to link them directly with the counterfeiting ring.

The break for which officials had been seeking came one February morning when a seedy-looking individual approached Angelo Giusti, the manager of a filling station.

"Listen, brother," he said to Giusti, "I've got some phony gas stamps here you couldn't tell from the real thing. You can have all you like, cash on the line. How about it?"

Giusti did some fast thinking. Here was his chance to aid the government to break up another gang of racketeers. He winked slyly at the "salesman."

"Tell you what, I'll take a thousand for a starter. How much do you want for them?" The peddler named his price.

"O.K., it's a deal," continued Giusti. "The only hitch is, I've just opened up and haven't enough cash with me right now. How about dropping back this evening?" The salesman nodded assent and slouched off.

As soon as he was safely out of sight, Giusti made for a telephone. He described the episode to OPA officials, and was instructed to go through with the transaction when the salesman reappeared. Thereafter, OPA enforcement officers would take over.

The salesman returned at dusk. Giusti counted out the money and was handed a wad of counterfeit stamps. As the peddler emerged from the office an OPA agent and a police officer stepped from a parked automobile and placed him under arrest.

The peddler was small fry to his gang and small fry to OPA officials, but they knew that he might be the means of blazing a trail which would eventually lead to the masterminds of the organization. At first he displayed stubbornness. "My life wouldn't be worth a nickel if I talked," he muttered.

Digitized by Google Original from UNIVERSITY OF MICHIGAN

A deal was arranged whereby officials promised that they would keep his name secret and attempt to win leniency for him in court if he co-operated. He agreed to tell what he knew.

"I get the coupons from a bird who wholesales them. His name is Russ Youmans. He's the guy who feeds us all the stuff."

OPA agents swore out a warrant for Youmans' arrest and took him into custody at his headquarters. Along with Youmans went all his record books, containing the full story of his illegal operations and the names of more than fifty San Francisco gasoline vendors who had dealt with him. The records disclosed several transactions involving thousands of dollars' worth of coupons.

Even more damaging evidence against Youmans was found in his quarters, in the form of thousands of counterfeit coupons. Under questioning he admitted he had just closed a deal for the sale of 2,000 C-2 gasoline ration books, each containing sixty-four coupons, from which he had netted a cool $13,000 profit.

Youmans was not quite so talkative when he was asked to identify the men who were producing the counterfeits. Fear of gangland reprisal drove him into sullen silence, and no amount of persuasion could make him disclose this important information. Officials were forced to content themselves with the arrest of Youmans and forty racketeering gasoline dealers, and the knowledge that they had broken up another underworld gasoline trust, thanks to the alertness and patriotism of Angelo Giusti.

Several of the convicted filling station operators were given jail sentences of less than a year, and others paid fines ranging up to $10,000. Youmans was allotted a prison term of six years and a fine of $20,000 for multiple violations of the Second War Powers Act. Brushing aside his plea for leniency, Federal Judge A. F. St. Sure declared that Youmans' activities had been "akin to treason."

Giusti's honesty, alertness, and courage in the case were instrumental in saving San Franciscans millions of gallons of urgently needed gasoline. "His action cannot be too warmly commended," an OPA official declared. "It should serve as a model to other gasoline dealers and to the public at large."

Public-spirited co-operation of the kind rendered by Giusti may some day play an equally decisive role in smashing two of the most flourishing rings now operating in the country, held responsible for illegal diversions of gasoline from essential civilian use estimated at 1,000,000 gallons a week.

Digitized by Google Original from UNIVERSITY OF MICHIGAN

The larger of the two rings is now operating along the Atlantic Seaboard from New York City south to Norfolk, Virginia. Its headquarters is believed to be near Belleville, New Jersey, but members of the organization apparently use Washington, D.C., as a rendezvous for the mass distribution of counterfeit coupons.

The activities of this gigantic enterprise were first brought to light in April, 1944, when Washington police arrested Lawrence V. Whitaker, a twenty-year-old coupon salesman. Until that moment no member of the gang had ever fallen afoul of the authorities.

Whitaker seemed grateful and relieved to find himself in custody. "The mob was going to bump me off because I didn't kick through for the coupons I sold," he confided to the police. The youthful racketeer went on to describe how he had been given the coupons "on credit" and had lost the proceeds of his sales in gambling. Fully aware of the swift and deadly retaliation which would be visited on him by the gang if he failed to turn over what was due, he made frantic efforts to recoup his gambling losses by playing additional sums of money, received from service station operators for the sale of coupons. His defalcations finally topped $4,000, and the gang gave him its ultimatum—payment within a specified period, or Whitaker would be meat for a mobster's sawed-off shotgun. In desperation, the youth obtained a $650 loan on his car and turned the money over to agents of the gang. That token payment did not hold them for long, and, in panic, Whitaker went into hiding. He was still in hiding when the police picked him up.

OPA officials were jubilant over Whitaker's arrest, for it seemed that here was the break for which they had been waiting. Ringleaders of the gang, however, had foreseen the possible arrest of small cogs like Whitaker, and had taken elaborate precautions to make sure that the lowly peddlers would never lead authorities to more important gang members. All that Whitaker could tell officials was that he had received his share of coupons each week from a representative of the gang known only as "Joe," and that at each meeting he had been required to turn over the money which he had collected, less his own small share of the profits. Whitaker gave a general idea of the organization's tremendous proportions when he stated that at one time he alone had peddled 200,000 counterfeit coupons a week to filling station owners and attendants in near-by Maryland and Virginia.

Meanwhile, a million gallons of gasoline pouring into automobile

Digitized by Google Original from UNIVERSITY OF MICHIGAN

fuel tanks each week under black market auspices give evidence that the gang is still functioning on a broad and flourishing scale. A grimmer reflection of its activities is to be found in the bullet-ridden bodies appearing of late along highways in New York and New Jersey. Several of them have been identified tentatively by police as once belonging to small-time racketeers believed to have been gasoline coupon peddlers. Whitaker was just a little more fortunate.

For a while it seemed that a second large gang operating along the east coast would be smashed when several of its leaders were arrested, shortly after Whitaker was picked up in Washington. But an announcement of the arrests and a promise of further arrests by the New York office of the OPA dashed these hopes to the ground by giving remaining members of the organization, including the all-important counterfeiters, sufficient warning to permit them to take temporary cover or transfer their operations to a safer locale.

Several additional arrests were made, but many of the most sought-after birds had flown their nest when police and federal agents swooped down on them. The speed with which the surviving members of the gang must have disintegrated—for the time being, at least—was indicated several weeks later when youngsters playing on beaches along the Jersey coast unearthed scores of dies and plates used in the printing of spurious gasoline coupons. Subsequent search by Secret Service and OPA agents uncovered many more. All of them were masterpieces of the counterfeiter's art, and tallied with official government engravings to the last detail.

The loss of the plates, which members of the gang undoubtedly buried with the intention of recovering them when "the heat went off," must have been a hard blow to the organization. For several months there was a marked diminishing in the quantity of bogus gasoline stamps circulating along the north Atlantic coastline, but in recent months an equally marked increase seems to indicate that the combine has staged a comeback. Officials were aware of that possibility, and hope to be more successful the next time they pick up the trail.

Although nearly every counterfeit stamp now circulating is the work of a carefully assembled and organized gang of professional criminals, a few cases have been recorded of lone-hand amateurs dabbling in the racket. Their craftsmanship is generally so crude and the quality of their paper so obviously inferior, that the au-

Digitized by Google Original from UNIVERSITY OF MICHIGAN

thorities have little trouble in quickly nipping their activities in the bud.

One such novice was a sixty-two-year-old printer of Norristown, Pennsylvania, who determined to alleviate his individual gasoline crisis by running off coupons on his own presses. The printing job was an excellent one, and the amateur's engraving and reproduction of the official United States watermark would have done credit to any professional counterfeiter. Only in one respect did the Norristown novice err. Through some lapse of genius his coupons were printed on ordinary paper on hand in his shop. Anyone who had ever seen a genuine gasoline stamp would have had no difficulty in distinguishing between the printer's handiwork and the government product.

Unheeding of the oversight, the elderly transgressor placidly drove up to a local filling station and ordered a tankful of gasoline. He handed the coupons to Joseph Basile, a seventeen-year-old high-school student employed at the station after school. The youth fingered the coupons for a moment and looked at the printer doubtfully.

"Mister, these stamps aren't any good. They're phonies."

The printer's professional pride was cut to the quick. He gave the lad a scathing glance.

"Of course they're good! What's the matter with them?" he barked in righteous indignation.

Young Basile decided not to argue the matter any further, and accepted the coupons. But as the car drove away, he hastily jotted down its license number and reported the incident to local OPA headquarters. It was an easy matter to trace the owner of the automobile from the license number obtained by the alert station attendant.

The printer seemed more perturbed at the failure of his coupons to pass inspection than at the penalties which lay ahead of him for his venture into gasoline racketeering. He readily admitted having engraved the stubs for his own use and led investigators to his shop, where he handed over additional counterfeit coupons good for several hundred gallons of gasoline. "Can't see anything wrong in what I've done," he growled. "I only use them when I'm out of gas and have to take a business trip."

But counterfeiting is counterfeiting, whether for profit or pleas-

Digitized by Google Original from UNIVERSITY OF MICHIGAN

ure, and the elderly Norristown genius is learning that fact the uncomfortable way.

Another ingenious Pennsylvanian introduced a new twist into the American political scene and a touch of humor into a normally grim and humorless picture when he attempted to advance his own political aspirations by black market practices.

Nearly everyone in McKeesport, Pennsylvania, knew and liked Tom Faxon—not his real name, but as good as any—for eighteen years a brawny pillar of law and order on the town's police force. Faxon's record was good, and he had a way with people. This very popularity was to be one of the reasons for his subsequent arrest by his colleagues.

Shortly before Christmas, 1943, Officer Faxon came to the conclusion that eighteen years of pounding a hard pavement should be enough for any man. He mentally mustered his innumerable friends and acquaintances, and decided that his well-deserved popularity justified his running for the office of councilman, from which vantage point he might comfortably watch his less ambitious colleagues pound McKeesport's sidewalks.

Having announced his candidacy, Faxon set himself to mapping his campaign strategy. It was revolutionary. For the first time in the history of the Republic, the American voter was to be wooed—not with five-cent cigars, not with flowery discourse, not with the kissing of puling babes—but with coveted gasoline stamps. Faxon's reasoning was simple and direct. If, in the second year of fuel rationing, voters could not be won with the key to extra gasoline, nothing could win them. As matters stood, everything was in his favor. One of the largest service stations in town was on his beat and the flow of automobiles to its pumps and pits was steady. The aspiring politico, in the manner of constables the world over, had been in the habit of stopping off at the station at regular intervals on his rounds to pass the time of the day with management and motorist alike. Now he became a still more frequent visitor. His habitual amiability became even more accentuated as he bantered the clientele. There was method behind it.

Not all of this jesting was a pleasant means of passing the time. At the strategic moment, Faxon would murmur to the motorist:

"You know, I'm running for councilman and I don't have enough gas coupons to get around in my car for all the campaign speeches I have to make. You don't happen to have one or two to spare, do

Digitized by Google Original from UNIVERSITY OF MICHIGAN

you?" Most motorists would hesitate for an instant, but it was hard to refuse a policeman, and a policeman as amiable as Faxon, to boot. The majority came through.

Heavy with coupons, Faxon would parade through his election district each evening after work and scatter his largesse where it apparently would do the most good. Many a surprised and grateful constituent knew the generosity and thoughtfulness of Officer Tom Faxon, candidate for councilman, during that unique campaign.

The campaign, and Faxon's candidacy, came to an abrupt end one fateful day when OPA officials learned of his masterful political maneuver. The crestfallen bluecoat admitted his indiscretion and on April 14, 1944, entered the jail to which he had escorted so many malefactors in the past, for a thirty-day stay in atonement for violation of rationing regulations. Thus ended—even before it had begun —a political career which undoubtedly would have been unique in the annals of American statesmanship.

The cases of the Norristown printer and the McKeesport policeman, while humorous and comparatively harmless in themselves, nevertheless imply a threat to rationing. In an effort to prevent their duplication by individuals elsewhere, whose isolated activities in the aggregate could drain large quantities of gasoline from legal channels of distribution, the OPA is compelled to move as vigorously against individual delinquents as against large scale gangs.

The army base at Camp Davis, North Carolina, was the scene of a recent conspiracy which succeeded in rerouting an undetermined quantity of gasoline from military use to the black market without benefit of coupons—genuine, counterfeit, or stolen. The details were brought to light during an official probe of mysterious gasoline shortages at the camp.

Technically, everything was in good order. The files of the Camp Davis Supply Department contained properly endorsed invoices indicating that full shipments of gasoline had been received periodically, as ordered. Yet a check of storage tanks on the reservation seemed to give the lie to the official records of delivery. Even after the investigation was begun, substantial quantities of gasoline appeared to vanish into thin air, despite the vigilance of supply officers.

A twenty-two-year-old corporal who functioned as gasoline clerk in the Supply Department was questioned, but emphatically denied any knowledge of irregularities. Investigating army officers and OPA officials next interviewed executives of the oil firm which

Digitized by Google Original from UNIVERSITY OF MICHIGAN

delivered gasoline to the base, and learned that all deliveries on the Camp Davis route were made by a driver named Joshua G. Allmon. Allmon insisted that he had never failed to deliver the fuel as instructed, and produced signed receipts from the oil company's files in support of his contention.

Shortly after, reports filtered through to the investigators that Allmon was spending money lavishly in near-by towns, in sums which could not be reconciled with his truck-driver's salary of forty-five dollars a week. OPA officials decided that discreet surveillance would do Allmon no harm, and set themselves to watch his movements by day and night.

For several weeks nothing happened to reward the patient vigil of OPA officials and co-operating police officers. Finally, Allmon was seen to enter a tavern, where he was subsequently joined by David Howe, his immediate superior. Ten minutes later the startled watchers saw the Camp Davis gasoline clerk enter the tavern and join the pair. As OPA agents and police officers looked on, Allmon pulled a wad of bills from his pocket and began to divide it among himself and his companions. The watchers promptly emerged from their place of concealment and placed the trio under arrest. The corporal, turned over to military authorities, soon blurted out the whole story.

Briefly, Allmon had paid him several hundred dollars for issuing receipts for shipments of gasoline which had been ordered by the camp. Instead of delivering the fuel as required, Allmon, at discreet intervals, would sell it to filling stations along his route, and calmly pocket the proceeds of his sales. The racket was a profitable one, and over a period of five months Allmon and Howe were able to split over $6,000 in revenue from the scheme. The hapless corporal was tried by an Army court-martial for his part in the proceedings. Howe and Allmon, tried in civil courts, received sentences of five years each.

This case is typical of hundreds of others which the OPA has solved by skillful, careful investigation. The increase in convictions for black market violations in gasoline has been an encouraging barometer of progress against fuel racketeers. By the summer of 1944, OPA action had resulted in the conviction of 1,300 persons found guilty of black market gasoline transactions, of whom approximately five hundred were sentenced to prison terms, and the remainder fined. Simultaneously, more than 4,000 service station

Digitized by Google Original from UNIVERSITY OF MICHIGAN

operators lost their licenses and 35,200 motorists were denied gasoline ration books for specified periods because they had knowingly and willfully supplemented their rations by illegal means.

Despite the encouraging progress made by the OPA and other law enforcement agencies in stamping out the black market in gasoline, the major battle still lies ahead. The illegal flow of gasoline has not shown any substantial decrease so far, even though arrests and convictions have mounted. As the requirements of land, sea, and air forces place further restrictions on the supply of fuel available for civilian consumption, the black market may be expected to become steadily more active.

In some quarters there has been bitter criticism of the whole OPA gasoline rationing program, with many accusing fingers pointed at the government's refusal to release surplus stocks of gasoline—held in reserve for possible civilian or military emergency. These critics frequently point out that an increase in gasoline allotments to the motorist would deprive the black market of surplus sources of supply and quickly put an end to illegal dealings.

That procedure might, or might not, end the black market in gasoline. But it would certainly prolong the war and cost many lives which are being spared on battlefields by the fuel superiority—and consequent superiority on land, sea, and air—which this country has obtained from gasoline rationing.

An outgrowth of the gasoline shortage has been a widespread black market traffic in railroad transportation. Hundreds of thousands of people who formerly used automobiles for the transaction of essential business have been compelled by gasoline rationing to use the railroads. Hundreds of thousands of others, on pleasure bent, ignore the congestion on trains and official pleas to refrain from unnecessary travel, and tax rail transportation to the breaking point. Every railroad in the country today is giving high priorities to military needs. More than half the sleeping cars and more than a third of the coaches now rolling in the United States are carrying troops to camps and embarkation points. The strain on the railroads has become even greater as war casualties return from far-flung battlefields.

Blithely closing his eye to this situation and placing his personal convenience above all else, the pleasure-seeking vacationist often finds that he can secure railroad accommodations, to or from his destination, only by paying black market rates. The existence of a

Digitized by Google Original from UNIVERSITY OF MICHIGAN

far-reaching black market in railroad transportation was revealed on March 3, 1944, when FBI agents rounded up thirty-one persons in Miami and Miami Beach who had been collecting an estimated $15,000 a week by illegal trafficking in Pullman and coach reservations. Among the twenty-eight men and three women arrested were sixteen employees of the Atlantic Coast Line, Seaboard Airline, and Florida East Coast Railroads, fourteen hotel employees, and a taxicab driver.

Borrowing from the technique of ticket scalpers at baseball and football games, these racketeers bought up large blocks of railroad tickets and peddled them to stranded vacationists for prices which ranged from ten to a hundred dollars, and more, above the regular tariff. Despite these exorbitant overcharges, the waiting line of impatient hedonists anxious to get home was endless. A New York banker paid five hundred dollars over the established price in order to obtain Pullman accommodations for himself, his wife, and three children.

Bellhops in swank hotels made small commissions by serving as middlemen between the ticket racketeers and hotel guests. A few of the bellhops, disgruntled with the insignificant rewards which they received for their collaboration, purchased strips of tickets and went into business for themselves. Two of them were soon able to purchase homes with the money made from illicit ticket deals, while another netted $2,600 for a little more than a week's part-time peddling of railroad reservations.

The success of the black market in rail transportation in the Miami area was aided by two factors. One of them was the existence of numerous military establishments in southern Florida, giving rise to constant rail congestion in the area, and the other was the absence of any law within the borders of Florida to prevent scalpers from purchasing, thirty days in advance—the deadline fixed by the railroads themselves—as many railroad tickets and reservations as they pleased and reselling them at profiteering prices to the highest bidders.

Similar racketeering in railroad tickets in New York City resulted in legislation aimed at limiting the profit on resold tickets to a dollar. This law, although a step in the right direction, has failed to accomplish its purpose. Few travelers know of its existence, and the racketeer is the last person calculated to publicize it. Scalpers haunt the ticket windows at New York's Grand Central and Pennsylvania

Digitized by Google Original from UNIVERSITY OF MICHIGAN

Stations, edging up to every would-be traveler frustrated in his efforts to obtain reservations, and waving tickets and Pullman stubs in his face. Though the overcharge asked may be ten dollars or more, a traveler in a hurry to make a train is in no position to bicker.

A similar situation exists in Washington and Chicago. Profiteers in these cities frequently succeed in buying up all available reservations on a given train, for resale at fantastic overcharges to persons whose business or travel schedules offer them no alternative than to fall prey to this victimization.

An unusual variation of the reservation-at-any-price racket was recorded in St. Louis, another haven for scalpers, in 1944. A war-plant official whose business required a trip to Pittsburgh each week became irritated at his repeated inability to obtain a Pullman berth for the journey. He decided to take direct action.

On his next visit to a downtown ticket office he took the ticket seller to one side.

"See here, I'm a busy man and I've got to have a Pullman. How would you like to make ten dollars extra a week by just seeing to it that my reservation is all set in advance?"

He pressed a bill into the ticket seller's hand and felt the latter's fingers close cordially around it. As far as the ticket seller was concerned, this was just another little contribution to his ever-increasing "bribe fund." For two years he had been supplementing his salary with handsome "considerations" from businessmen for just such assistance as had been requested of him.

For several weeks the commuting industrialist found his reservations waiting for him on a crack, eastbound Pennsylvania Railroad express, and for several weeks he faithfully tipped the co-operative ticket seller with a ten dollar bill. The arrangement was rudely interrupted when another railroad employee saw the money change hands on one occasion and reported the incident to his superiors. The ticket seller was immediately arrested and charged with conspiring to violate Interstate Commerce Commission regulations.

At present, the FBI is engaged in a nation-wide drive to stamp out the black market in railroad accommodations. Numerous arrests have been made in Philadelphia, Atlanta, Los Angeles, and other important rail centers. The legislatures of New York, Rhode Island, and New Jersey have co-operated by approving laws which provide severe penalties for speculation in transportation. As other states and communities follow their example and limited train space be-

Digitized by Google Original from UNIVERSITY OF MICHIGAN

comes available on a first-come, first-served basis, speculation will die a natural death for lack of profits and incentive.

14. The Counterfeiters

BY FRIEND and foe alike, the counterfeiter is conceded to be one of the prime mainstays of the vast, flourishing racket in bogus gasoline stamps which today is playing havoc with the nation's fuel rationing. Were he to rest on the laurels won only in that field, he could amply justify the paeans of unstinted praise evoked by his talents in countless poolroom backrooms, but the high esteem which he enjoys in underworld social and cultural circles does not stem from that direction alone.

As versatile as he is talented, any self-respecting counterfeiter can turn his peculiar skills with ease from the mass, illegal production of gasoline stamps to the mass, illegal production of shoe stamps, sugar stamps, and any other kind of ration stamps which give promise of crowning his genius with a fairly reasonable profit.

What is more, he is doing just that today.

The work of one of the most gifted practitioners of the counterfeiter's art was brought to light early in 1944 by Secret Service agents and collaborators from the OPA when they raided a dingy printing establishment near the southern tip of New York's Manhattan Island. With grudging admiration, the agents were forced to admit that here was the cleverest unsanctioned reproduction of the Great Seal of the United States ever to have come to their attention in numberless brushes with counterfeiting. Unfortunately, they were unable to communicate their admiration to the unknown master in person, for that worthy, who might well have given pointers on draughtsmanship to an Albrecht Dürer or Gustave Doré, had beaten a precipitate retreat shortly before the visitors entered.

As the agents probed farther into the dirt and grime in their search of the premises, they came upon an even more impressive demonstration of the vanished artist's skill. That errant genius had succeeded in duplicating the Great Seal with uncanny accuracy not merely once—but ninety times—on a ten-by-eighteen-inch sheet of

Digitized by Google Original from UNIVERSITY OF MICHIGAN

cardboard! The agents redoubled their efforts and soon unearthed the metal cut which had been evolved from the drawings by a complex photo-engraving process. A few minutes later they uncovered another drawing, apparently uncompleted, bearing fifty-two skillfully drawn designs for airplane ration stamps.

The drawings and cut told their own story to the operatives. Apparently, the counterfeiters had been planning to use the "kiss impression" method in their unauthorized duplication of ration stamps. Set in a press and moistened with blue ink, the cut bearing the ninety tiny facsimiles of the Great Seal was to have been applied so lightly to grayish-blue paper simulating that used by the Government, that only a faint, barely-perceptible outline of the spread-eagle would result. Thereafter, an impression of the airplane design would have been superimposed on the printing of the Great Seal, and the final product would have been a shoe ration stamp convincing enough to deceive many merchants.

Subsequent investigation revealed the existence of a large counterfeiting syndicate which had planned to unload 1,560,000 shoe coupons, and an undetermined quantity of sugar and food stamps, on an unsuspecting public through black market outlets. Had the plan not been detected in time by the alertness of Secret Service and OPA officials, the entire rationing program for the East, and undoubtedly for other parts of the country, would have been struck a shattering blow.

The two proprietors of the printing shop from which these millions of falsified stamps were to have poured were arrested. Other arrests followed from time to time but the modern master whose genius as a copyist had been the keystone of the whole racket is still at large. Officials believe that he may be a "label artist," a veteran lithographer or steel engraver. Whatever his antecedents, he ranks high in an occupation in which dexterity and quality workmanship are taken for granted. That is one reason why authorities are giving his case special attention.

That special attention will include the same painstaking study of every clue and detail, no matter how trivial on the surface, which marked the breaking up of a non-profit making, coupon-counterfeiting quintet in Washington, D.C. The group was operating within a few minutes' walking distance of Secret Service headquarters in the capital, but, as often happens in such cases, the first clue was uncovered far from the scene of its operations.

Digitized by Google Original from UNIVERSITY OF MICHIGAN

In October, 1942, OPA officials in Philadelphia were making a routine check of used ration stamps when they came upon a lone counterfeit Number 18 shoe stamp among a batch of coupons received from the local Sears Roebuck store. The quality of the engraving convinced experts that it was the handiwork of skilled professionals. Beyond that, not one clue existed which might have aided them in tracking the counterfeit to its source. The huge department store sold literally thousands of pairs of shoes each week over its counters and by mail, and any one of thousands of customers over a period of several weeks might have been responsible for passing the bogus coupon.

Secret Service agents and OPA officials morosely considered the seemingly hopeless situation and settled down resignedly to one of the deadliest grinds which can fall to the lot of a law-enforcement officer. One by one, they took every store receipt covering a sale of footwear for the month preceding delivery of the counterfeit, and patiently interviewed each of the purchasers whose names and addresses appeared on the receipts.

For six weeks this weary search went on, as thousands of patrons in scores of communities were investigated and eliminated as possible suspects. There were times during the hunt when agents felt sure that the trail was growing warm, only to learn that their suspicions were unfounded. Finally, only a handful of possibilities remained.

One of them was revealed to be an employee of the Government Printing Office in Washington, and for the first time in weeks of ringing doorbells and diplomatic interrogation of the citizenry, agents felt that they were on the right track. When they learned that the suspect was a printer, and had access to a press, their hopes of bringing the case to a speedy and successful conclusion rose correspondingly.

The printer was interviewed at his work. Obviously upset and nervous, he became so confused under the agents' shrewd questioning that he was soon hopelessly enmeshed in a tangle of contradictions and obvious falsehoods. By this time the officers were convinced that they had caught up with their man, and told him as much. He admitted his guilt.

"I got the stamp from another printer here at the GPO," he informed them. "He just handed it to me one day and I took it, figuring I might be able to use it someday. A couple of months ago,

Digitized by Google Original from UNIVERSITY OF MICHIGAN

I turned the coupon in for a mail-order pair of shoes at Sears Roebuck's in Philadelphia.

"You know," he went on, "that stamp was such a honey that I never even bothered to give a phony name and address when I bought the shoes. Never thought anybody would be able to spot it for a fake. Why, it was even printed on Government paper. That's how good it was."

Confronted with the severe penalties provided for falsifying any of Uncle Sam's printed matter, the contrite printer agreed to cooperate with the authorities and obtained another handful of shoe stamps from his associates, which he turned over to the agents. They proved to be identical with the one sent by mail to the Philadelphia store. The printer contributed another interesting item. Besides his friend, three other employees of the Government Printing Office—not to be confused with the Bureau of Engraving and Printing where our currency is printed—were making the counterfeit stamps.

Suddenly the case took an unusual turn. Agents had been convinced that they were on the verge of smashing a key counterfeiting ring, operating within the nation's own huge printshop. When the four remaining men were arrested, however, it was revealed that they were naïvely printing the coupons—not for gain—but for their own use!

"We just ran off a couple of dozen so as to help our families and pals out when they needed shoes," one of the men explained. "We didn't plan to make a penny on the deal. That would have been illegal, you know," he hopefully added.

Subsequent investigation disclosed that they were telling the truth. Here was no ring of hardened thugs on the threshold of a vast racket, but a quintet of misguided and well-meaning souls whose only crime was excessive zeal and unorthodox methods in helping those near to them to extra footwear from time to time.

A quantity of the specially-processed paper used by the Government for ration stamps and thirteen official dies, "borrowed" from the plate vault of the Government Printing Office, were found in the men's lockers. The printers revealed that they had run off their own unauthorized product in spare moments, and that they had given their own handiwork the same scrupulous care and attention which they normally gave to official assignments. Proofs were run off, one by one, until a completely satisfactory stamp was produced. And, in accordance with official procedure, defective and unsatis-

Digitized by Google Original from UNIVERSITY OF MICHIGAN

factory stamps were carefully destroyed in government incinerators to prevent their falling into careless hands. The initial output of illicit stamps had totaled four hundred, but after the men had taken care of the immediate needs of friends and family, surplus stamps had been burned. "We didn't need them any more, and we didn't want to leave them lying around," one of the printers observed.

A federal grand jury heard the saga of their altruism and came to the conclusion that counterfeiting was counterfeiting, whatever the motive behind it. The five printers were indicted and ordered remanded for trial.

A counterfeiting racket which ran truer to black market type was the amazing conspiracy which OPA and Secret Service sleuths smashed in Connecticut in the fall of 1943. Had it been allowed to continue unchecked, the ring in question would seriously have impaired the whole structure of rationing in the New England area with a flood of fraudulent food and shoe coupons.

The first inkling that anything was amiss was supplied by E. J. Davidson, a New Haven printer.

"Frank Rowe, another printer in town, came to see me the other day and asked if I wanted to make some big money printing counterfeit coupons," Davidson told the Secret Service. "He said his plant wasn't big enough to handle the job. I stalled him off and came here as soon as I could."

The information was transmitted to J. Stephen Knight, Chief OPA Attorney at Hartford, and the Government went into action to halt the counterfeiters before they could get under way. Knight's men were too well known in the Hartford and New Haven areas for the effective undercover work which he knew would be necessary, and he requested the services of two crack inspectors from the Boston OPA office. OPA agents Howard Gamble and Charles Riordan arrived the following day.

They reasoned that Rowe lacked facilities in his small printing plant for a large-scale printing and distribution of bogus stamps, and must, therefore, have accomplices. This theory was confirmed when Rowe, never noted for excessive prosperity, approached Davidson once more with a specific offer of $10,000 for his collaboration. The agents knew that the scope of the gang's proposed operations would be tremendous if such a sum were being offered an outsider who, at best, would be one of the smaller cogs in the machine.

Digitized by Google Original from UNIVERSITY OF MICHIGAN

Continuous surveillance of Rowe's home and shop over a period of a week failed to turn up any indication of his fellow conspirators. It was decided that Davidson offered the best possibilities of uncovering their identity, and a carefully elaborated plan was unfolded to him. He enthusiastically offered his help.

A few days later Rowe strolled into Davidson's shop. "Made up your mind, yet?" Davidson replied that he had.

"I'll come in with you, but I want to know who I'm going in with," he told Rowe. "You can't be handling a big deal like this alone, and I want to be sure that the big boys are the kind who'll come through with the ten thousand and not leave me out on a limb if anything goes wrong. The only way I can be sure of that is to meet them and see for myself. Besides, there's something else I want to talk over with them. I've got a friend in New York who's a first-class engraver. He probably could be a big help to you, and I'd like to see him come in on this deal."

Rowe looked at him dubiously. "I happen to know we could use a good engraver," he replied, "but . . . can you trust this fellow?" Davidson nodded assent. "Let me use your phone," Rowe asked. "I'll see if it's all right."

As Rowe dialed the number, Davidson mentally tabulated the clickings of the dial for future reference. Rowe cupped his hand over the mouthpiece and spoke softly into the instrument. He listened intently for a moment, and turned abruptly toward Davidson. "We'll see you and your friend here Sunday morning at eleven."

Davidson telephoned the OPA agents at their hotel and described what had taken place. From his tabulation of the dial-clicks, the agents were able to determine the telephone number and trace Rowe's call to Angelo Orlo, a local food importer who was reported to have been in difficulties with the law during the prohibition era.

A hurried conference ensued with Attorney Knight in Hartford, and it was agreed that Gamble should pose as the engraver on the following Sunday. Knight added another interesting bit of information. A recent OPA directive requiring local boards to forward their surplus ration stamps to Hartford for checking and safekeeping had halted a series of ration-board thefts which, for weeks, had been pouring stolen coupons into black market channels. It was believed that the OPA's effective new safeguard against theft had forced the racketeers to turn to counterfeiting for their supply of

Digitized by Google Original from UNIVERSITY OF MICHIGAN

illicit stamps. Moreover, it was suspected that someone in the local rationing administration had formerly aided the racketeers in the thefts, and might now be aiding them in their new project.

On Sunday morning, Knight, Riordan, another OPA agent, two state troopers, and a stenographer gathered in the rear room of Davidson's establishment an hour before the scheduled meeting, and placed themselves in positions to hear the ensuing conversation in the print shop proper, which was close by. Careful plans had also been made for the stenographer to record every detail of the discussion between Davidson and the counterfeiters.

Meanwhile, Gamble, in his role of engraver, had boarded a New Haven-bound train at a near-by community and was heading toward the city in a convincing manner. He ostentatiously got off the train at New Haven, hailed a taxi, and was driven to Davidson's shop. There the two men waited tensely as the hands of the clock crept toward eleven. In the rear room Knight and his associates were waiting with equal tenseness.

Promptly at eleven, Rowe appeared at the door, accompanied by a well-dressed, elderly man with a Van Dyke beard. "Nice to see you, Davidson," he remarked. "This is Mr. Orlo." He glanced inquiringly at Gamble. Davidson shook hands and introduced Gamble under a fictitious name. Orlo speedily got down to business.

"You say this man will engrave the plates and you will help Rowe print the stamps?"

"That's right," Davidson answered. "All you have to do after that is distribute them, and that sounds like a mighty big job to me."

Orlo smiled. "Don't worry about that, Mr. Davidson. We've got a good man in Newark to take care of that." He pulled a bookful of ration stamps from his pocket. "Just make yours as good as these and we'll be satisfied."

The four men spent a few more minutes discussing arrangements for Gambles' return. Finally, Gamble looked at his watch. "Hell, I can just make that noon train. As long as everything is fixed up, I think I'll head back to New York."

At this prearranged signal, Knight and the state troopers burst into the room and placed the quartet under arrest. Davidson and Gamble protested their innocence as loudly as the others, but were brusquely bundled into a police car and taken to headquarters. There, unbeknownst to Rowe and Orlo, they were quietly released.

Orlo remained unshaken under questioning and stoutly main-

Digitized by Google Original from UNIVERSITY OF MICHIGAN

tained his innocence, but agents had better luck with Rowe. That worthy quickly cracked under Knight's merciless barrage of questions and described how Orlo had approached him with a proposal to come in on the racket. Even when confronted with this statement, Orlo protested his ignorance of the conspiracy.

Suddenly, Knight recalled the ration book which Orlo had handed to Gamble and Davidson in the printing shop. Checking with Gamble, he learned that the book had been issued to John Anquillare, a local resident. Soon after, Riordan reported that he had found a slip of paper in Orlo's eyeglass case with a telephone number written on it. The number was Anquillare's.

Anquillare likewise contended that he was guiltless, and Knight decided to play a long shot. "Don't hand me that innocent stuff," he informed the suspect. "We found your phone number on Orlo, and we know where Orlo stands in this racket. Well, what do you say?"

Anquillare took a look at Knight's grim face, and indicated his willingness to talk. Before he had finished, he had implicated Orlo and Vincent Todaro, the gang's contact man in Newark. At the request of the OPA, Todaro was arrested by New Jersey police that afternoon.

Knight returned to New Haven to encounter a grinning Riordan. "You were right about that ration-board member being mixed up in this," the latter chirped. "I was checking some phone numbers in Orlo's book and one of them belongs to Peter Kennedy."

Knight blinked in surprise. Peter Kennedy was a prominent real estate man, vice-chairman of the New Haven Price and Ration Board and one of the city's most respected citizens. Anquillare was questioned again, and confirmed Kennedy's tie-up with the gang. Until the OPA directive was issued, Kennedy had been slated to supply the gang with stolen coupons, and thereafter, he had agreed to take part in the counterfeiting racket. That evening he was relieved of his duties at the ration board and taken into custody.

Kennedy, Anquillare, Orlo, and Rowe pleaded guilty to charges of conspiring to counterfeit ration coupons, and each was sentenced to three months in jail, although Rowe's sentence was suspended. Todaro continued to maintain his innocence and pleaded not guilty in Hartford Federal Court. Despite his protestations, Judge J. Joseph Smith, on March 6, 1944, handed down a sentence of two years at Leavenworth Penitentiary. Todaro subsequently

Digitized by Google Original from UNIVERSITY OF MICHIGAN

appealed the sentence and was released under bond until his appeal was heard.

Davidson, the alert and public-spirited printer who had contributed so effectively to smashing the conspiracy at its very inception, received the well-earned commendation of federal officials for his patriotic service to the nation. OPA Attorney Knight and Agents Gamble and Riordan were awarded a similar pat on the back for having nipped the counterfeiting scheme in the bud before it could produce and circulate its handiwork for the black market.

Not to be outdone, the ubiquitous and unobtrusive Secret Service smashed another ambitious counterfeiting ring in New York City early in 1942, before it could foist its product on the public. Details of the scheme to print and distribute $50,000 worth of spurious war-savings stamps were perfected by three successful businessmen in a Manhattan tavern at the end of March, 1942. Two of them, Abraham and Joseph Perkes, were brothers and co-owners of the General Engraving Company in downtown New York. The third was Morris Rubin, who had recently sold his interest in a Brooklyn printing firm. Rubin outlined the plan which had prompted him to call his two associates into barroom conference.

"Sounds good," remarked one of the brothers, "but why don't we print war bonds? There's more money in them."

Rubin gave him a withering glance. "Too dangerous and too impractical, that's why. People look at a war bond a lot closer than they do at a two-bit saving stamp. Stamps are safer. So we'll stick to stamps."

The question of backing arose. None of the men was willing to sink his money into the venture, if it could be at all avoided. A long silence ensued. Suddenly, Rubin brought his fist down on the table with a thump.

"Lou Sommers is the man we want. He just retired from the hardware business and he's got lots of money and nothing to do with it. I'm going to call him."

Sommers, a gray-haired man of about fifty, appeared a half hour later and listened attentively as the scheme was unfolded to him, but objected strenuously when he was invited to shoulder the whole burden of financing. After much discussion, a compromise was reached. Rubin and the Perkes brothers would assume the expense of engraving the plates at the latters' plant, and Sommers would pay for the actual printing. Profits were to be split five ways between the

Digitized by Google Original from UNIVERSITY OF MICHIGAN

Perkes, Rubin, Sommers, and a printer. Once again the ingenious Rubin came to the rescue when he suggested that Harry Hale, of the Hale Printing and Calendar Company, was trustworthy and might be persuaded to join the ring.

Hale proved amenable to the suggestion and estimated that it would cost about $1,000 to run off the 2,000 sheets of stamps contemplated by the gang. Each of the sheets, like its official counterpart, would contain one hundred stamps, and the total potential sales value of the run would be in the neighborhood of $50,000. Within short order, Rubin had obtained $1,000 from Sommers, and turned it over to the printer.

Within a week, however, Hale had revised his original estimate and coolly informed Rubin that another $1,000 would be necessary to cover printing costs. Rubin exploded. "Why, you cheap crook, you don't need another grand to print those stamps! You're just trying to pull a fast one! It's blackmail, that's what it is!"

Hale smiled blandly at him. "Well, if that's the way you feel about it, supposing we call it quits," he said, meaningfully.

Rubin controlled himself with an effort. Hale was the only man who could be trusted on a transaction of this kind, and Hale already knew too much to be antagonized. "All right," he told the printer, "you'll get the extra thousand as soon as you deliver and we're satisfied with the work."

A week later, the Perkes brothers delivered the engraving plates and Hale began the printing. The five men assembled in his office a few days thereafter to examine the results, and all except Hale were unanimous in expressing their vociferous dissatisfaction. Hale shrugged his shoulders and retorted that it took money to do quality work. "Let me have that extra grand now, and I'll do the job right. Otherwise, I'm through," he told them.

His companions reminded him of the bargain he had made with them, but Hale was adamant. Finally, they gave in, and Hale ran off another 2,000 sheets. They were as poor as the first batch. In despair, Rubin had another stroke of genius.

"They'll look better with the perforations," he suggested.

Strangely enough, they did, even though careful inspection would still have revealed them for what they were—counterfeits of inferior quality. All that remained was to find a reliable contact man to handle the actual distribution of the stamps.

By unanimous agreement, Al Stone was nominated for that task.

Digitized by Google Original from UNIVERSITY OF MICHIGAN

For years, Stone had eked out a fairly satisfactory living by promoting an endless variety of projects, many of them on the borderline between legality and illegality. His contacts were innumerable, and his reputation as a promoter was excellent. Stone readily accepted the commission which was offered him. "Meet me tomorrow, and I'll have something doped out," he told them. He was as good as his word.

On the following day the sextet met in the tavern where the plot had originally been hatched. Stone grinned at Sommers. "You're going to the movies tonight."

"Let's get down to business," Sommers snapped irritably. "I haven't got time for your monkeyshines."

"This is business," Stone retorted. "Now, listen. Here's what I want you to do . . ." He carefully outlined his plan.

An hour later, Sommers approached the war-bond and stamp booth in a neighborhood movie lobby and tipped his hat politely to its fair occupant. "Excuse me, miss," he murmured, "I wonder if you could spare some of those little albums. The ones for the twenty-five-cent stamps. I've got a lot of loose stamps home I want to paste up." Sommers was not exaggerating by any means. More than $10,000 worth of bogus stamps were awaiting his return.

The girl handed him half a dozen albums, which, when filled with stamps, were redeemable for a war bond worth twenty-five dollars, or for $18.75 in cash. By repeating this performance at a dozen cinemas, Sommers was able to accumulate almost a hundred albums within two or three hours. Meanwhile, his colleagues were following a similar procedure in other parts of the city.

Each of them, on reaching home, earnestly set himself to pasting bogus stamps in the albums, and by noon of the following day, collectively were able to turn several hundred full booklets over to Stone. The latter was now ready to carry out the final stage of the plan, involving a relative of his employed as a post-office clerk. Stone sought him out and cautiously broached a deal. The clerk nodded in approval and agreed to slip albums full of spurious stamps in with albums of genuine stamps at the post office where he worked. For each such album palmed off on the Government, he would collect $18.75 from his till, of which he would turn $13.50 over to the conspirators, and retain the balance for himself. Stone handed him a sample album.

Digitized by Google Original from UNIVERSITY OF MICHIGAN

"See what you can do with this. If it works out all right, we can give you a couple of hundred more."

The clerk pocketed the book and promised to report as soon as possible. A half hour later he was telling his story to post-office inspectors and Secret Service agents. A trap was laid for the counterfeiters.

On the following day, the clerk met Stone by prearrangement and handed him $18.75. Stone peeled off a five dollar bill and returned it to him. "Have any trouble?" he asked.

"Not a bit," the clerk replied. "It was a pushover. And I've got a couple of boys over at the post office would like to help out."

Stone opened a package and counted off one hundred stamp-filled albums, rewrapped them, and slid the packet across the table to his relative. "By the way," he added, "from now on we'll have to give you only two-fifty for each book you sell. Too many people coming in for us to give a five dollar cut." The clerk protested for appearance's sake, but finally agreed to the reduction.

A week later he handed Stone $1,875 in marked currency, and received $250 and another hundred books in return. "No trouble at all getting rid of that last batch," he confided to Stone. What he did not tell Stone was that the Secret Service had been his best—and only—customer.

Meanwhile, the gang was making ready to expand its operations. Rubin had contacted some fellow racketeers in Detroit, and had received a request for 200,000 fake fifty-cent stamps. The gang decided to fill the order, and began to prepare the necessary dies.

During this period, Secret Service agents had been far from inactive. The information supplied by the loyal post-office clerk had been invaluable, but more evidence would be required for conviction of the racketeers, now under continuous surveillance. Agents John J. McGrath and James J. Maloney combed large paper, ink, and chemical supply houses for records of possible sales to the counterfeiters, and after a month of careful checking, turned up one firm which had sold a special paper to Hale. Soon after, another company was found which had sold ink to the printer. Officials of a third enterprise likewise recalled having shipped etching acids to the Perkes brothers.

Samples of paper and ink were obtained from the distributors and tested in Secret Service laboratories, where they were found to be identical with the paper and ink used in the bogus stamps. Satisfied

Digitized by Google Original from UNIVERSITY OF MICHIGAN

that their case against the racketeers was now airtight, agents moved to arrest them. In Hale's printshop, they seized 210,000 bogus war stamps and large quantities of special paper, ink, and engraving chemicals.

Brought to trial, the six men heard federal prosecutors term the case one of the most important to have been heard in New York Federal Court in many years, and ask the Court to apply the heaviest possible penalties on the racketeers.

Before imposing ten-year prison sentences on Hale, Rubin, Sommers, and the two Perkes brothers, and an eight-year sentence on Stone, Judge Henry W. Goddard excoriated them in no uncertain terms.

"This offense is a fraud on our soldiers and sailors and on people of small means who buy these stamps," he said in part. "It is indeed a serious crime. It may be that the sentence I am about to impose upon you will be a warning to others."

In discussing this case, Chief Frank J. Wilson of the Secret Service later said:

"If such criminal activities were ever successful, they would tend to interfere seriously with the sale of securities designed to finance the nation's war effort. Such sabotage is little short of treason and must be treated accordingly."

Secret Service agents, working in co-operation with post-office inspectors, were also instrumental in breaking up an ingenious scheme devised by Cyril J. Huber and Adam K. Bert, Pittsburgh stamp dealers, to supplement Uncle Sam's postage stamps with others of their own design and manufacture.

Their brain child was a colorful collector's item bearing the American eagle and a shield in red, white, and blue. The wording on the stamp read, *U. S. Postage—Free—For the Armed Forces.*

Huber and Bert had thousands of the stamps printed and distributed in stationary stores throughout the country, particularly in the vicinity of Army and Navy bases. Sold as the "Super Postage Stamp," it was supposed to expedite the delivery of any letter fortunate enough to bear it. Servicemen eager to say "love and kisses" to their sweethearts and wives in half the normal time, quickly bought up the available supply at a price which was usually twenty-five cents a hundred.

Post-office inspectors examined specimen stamps on letters and came to the conclusion that they violated the law, and enlisted the

Digitized by Google Original from UNIVERSITY OF MICHIGAN

aid of Secret Service agents who had little difficulty in determining their origin. The stamps were being sold everywhere, and obliging merchants gave Huber and Bert, of Pittsburgh, Pennsylvania, as the manufacturers.

The two stamp dealers hotly denied having engaged in illegal enterprise, but were, nevertheless, convicted and sentenced to prison terms of a year and a day apiece. Secret Service agents had seized 300,000 of the gaudy emblems when they arrested the men, and removed them to the Treasury Department in Washington for examination and eventual destruction. Their scrutiny of the stamps disclosed what the Treasury Department called "a fraud within a fraud" aimed at stamp collectors.

Philatelists themselves, and cognizant of what appealed most to philatelists, Huber and Bert had deliberately inverted the eagle and shield design on thousands of the stamps to simulate misprints and increase their value in stamp-collecting circles!

The wartime curtailment of international correspondence and the Government's embargo on the importation of stamps from Axis-held countries has led to another racket—the faking of foreign stamps for sale at high prices to dealers and philatelists. Even experts have been deceived by many of these spurious issues, purported, in most cases, to have been brought to the United States before the war.

Six New York men were recently arrested for engaging in another counterfeiting scheme aimed at stamp-collectors, based on the addition of bogus overprints and perforations to genuine postage and internal revenue stamps in an effort to enhance their philatelic value. One roll of stamps, of a type ordinarily printed without perforations and available for a standard government price of sixty dollars in any post office, was given bogus perforations to simulate coveted philatelic "accidents." New York stamp dealers who assisted authorities in bringing the case to a successful conclusion stated that the roll of perforated stamps might have brought as much as $6,000 —the prevailing price of genuine perforated items of this issue—on the open market from unwary buyers.

Digitized by Google Original from UNIVERSITY OF MICHIGAN

15. How Many Lives?

THE sweating, cursing patrol had been pinned down for hours —pinned down on its collective belly by the deadly, withering machine-gun fire from an enemy dugout which dominated the line of advance and barred all progress and retreat.

Somewhere off to the right, a GI from Kansas was painfully worming his laborious way through the matted tangle of underbrush, in a desperate flanking movement to put the dugout out of commission.

An eternity seemed to pass before his comrades saw his lanky body shoot abruptly up from the ground—a few feet to the right of the dugout. His arm swung in a short, rapid arc. An incendiary hand grenade curved briefly into the air and disappeared through the dark rectangle which marked the entrance to the dugout. It rolled along the earthen floor for a few feet, came to rest—and in lieu of a shower of searing thermite, emitted a faint and anticlimatic pop.

In a swift, frantic movement, an enemy soldier swung his machine gun in the direction of the GI and blasted away at the half-hidden target. The Yank crumpled grotesquely, gave a convulsive jerk, and lay still.

The terse War Department announcement which communicated the fallen soldier's death to his family told only part of the story. The soldier died—unnecessarily—because the equipment on which he depended for survival had failed him when needed most. And it may have failed him because of the blind greed and cynicism of those who produced it.

In fact that incendiary grenade which fizzled so harmlessly and brought an American boy to a lonely, distant grave might well have been one of those which put a few extra pennies of profit into the corporate pocket of the Antonelli Fireworks Company, of Spencerport, New York.

As war plants went, the Antonelli Fireworks Company was a comparatively modest one, but in its brief career under government contract it managed to do a job of handicapping the war effort and jeopardizing the lives of American soldiers which any enemy agent might have envied. Until November, 1941, it had earned its direc-

Digitized by Google Original from UNIVERSITY OF MICHIGAN

tors a modest profit from the manufacture of firecrackers and similar concomitants of peacetime celebration. Then, almost overnight, War Department orders for millions of deadly incendiary bombs and incendiary hand grenades swelled its seventy-five employees to a force of more than five hundred.

The company produced these missiles on schedule, but the majority of them were not quite as effective as government specifications had intended them to be. The Government, which provided the explosive and firing mixtures for the projectiles, had stipulated that a certain sum would be paid for each bomb and grenade produced. Obviously, company officials reasoned, the faster the projectiles were produced, the faster would revenues flow into the firm's coffers; and the lower manufacturing costs were kept, the greater would be the final profit.

Accordingly, a speed-up system was instituted at the plant which cut labor costs drastically, but which, incidentally, led to the elimination of certain necessary steps in the manufacture of the projectiles and to their slipshod loading with explosives. Plant workers were also told to falsely mark ordinary magnesium and steel-jacket bombs as the much more powerful and costly "burster" type. Clusters of "burster" bombs were produced which contained no explosives whatsoever, hand grenades were approved from which the powder had fallen out, and bombs characterized by cracked nosebodies were passed by company inspectors without question.

As often as Army inspectors rejected defective bombs and grenades, these were quietly packed with other projectiles which had met with official approval and palmed off on the Government as perfect. Deliberately and knowingly, the Antonelli Fireworks Company foisted large quantities of urgently needed bombs and grenades on the nation which were absolutely useless for the purpose for which they were intended—as many an American soldier may well have learned at the cost of his life.

Plant workers who protested were given a choice of following instructions or finding employment elsewhere. Many of them left, and were promptly replaced by other workers who could be depended upon to ask no embarrassing questions.

On June 10, 1943, after exhaustive investigation by the War Frauds Unit of the Department of Justice and the FBI had disclosed the incredible racketeering activities of the firm and its directors, the Army seized the plant and canceled all its contracts with the

Digitized by Google Original from UNIVERSITY OF MICHIGAN

firm. Ten days later, Amerigo Antonelli, president of the firm, and his associates were arrested on charges of having conspired to defraud the Government in the manufacture of munitions.

On June 23, after a preliminary hearing in Buffalo, the company officials were ordered held under bonds ranging from $25,000 to $100,000 each. The efficient work of the FBI and War Frauds Unit had given the Government what seemed to be an airtight case against the firm, and on June 26, 1944, Antonelli received a sentence of two years in prison and was ordered to pay a fine of $5,000. His stepson, Joseph De Ritis, was given a like term of two years, and Dominick Barbollo, Antonelli's son-in-law and plant foreman, was sentenced to a term of eighteen months. The firm itself was fined an additional $10,000, and civil suit was subsequently brought on behalf of the Government by Assistant United States Attorney General Francis Shea, chief of the Department of Justice's Claims Division, for damages and penalties arising from the company's failure to fulfill the terms of its contract.

Justice had been done, but many of those soldiers who may have been betrayed by the deliberate negligence and greed of Antonelli and his associates would never know it.

Unfortunately, the Antonelli Fireworks Company does not stand as an isolated instance of racketeering in industry. The fantastic enormity of our war production—the greatest mass output of weapons the world has ever seen—has proved to be a windfall for unscrupulous manufacturers, large and small, whose insatiable desire for extra profit has blinded them to every consideration of patriotism and duty. This type of racketeering is infinitely more serious than any other, for it is a direct threat to the national security, and to the welfare and safety of every fighting man who must go into battle armed with equipment which may prove to be defective and wanting at the crucial moment.

The overwhelming majority of American manufacturers called upon to lend their resources and abilities to arming their country have performed that task with amazing efficiency and scrupulous honesty, and their contribution to the war effort has been acknowledged as one of the decisive factors in Allied victories all over the world. But industry, like any other human activity, has its fringe of jackals, who often differ from more readily recognizable members of the underworld only in the apparent respectability of their exteriors, their loudly proclaimed patriotism, mammoth operations,

Digitized by Google Original from UNIVERSITY OF MICHIGAN

and ability to hide from prosecution behind a barrier of high-priced legal talent.

Since February 4, 1942, when the Department of Justice created its War Frauds Unit, that agency has been called upon to investigate more than 3,000 complaints of alleged industrial war fraud—an average of 186 a month. Approximately seven hundred of these complaints have been dismissed for lack of sufficient evidence to justifiy prosecution, but the remainder have been found worthy of further attention.

Moreover, since the first war fraud indictment of World War II was handed down on June 16, 1942, federal grand juries in various parts of the country have returned almost two hundred indictments, charging thirty-nine corporations and three hundred and thirty-three individuals with profiteering or fraud of one kind or another. One hundred and thirty-five convictions have been secured, many of them pertaining to cases of actual criminal sabotage on the part of nationally-known and highly-respected concerns, and more than $500,000 has been collected in fines as a result of the activities of the War Frauds Unit. Even more impressive was the recovery of $50,000,000 in illegal profits by the Unit. In one instance alone, by forcing a renegotiation of contracts, it succeeded in recovering over $10,000,000.

This record is all the more encouraging in comparison with what took place during the last war. It was not until May, 1922—three and a half years after hostilities had ceased—that an agency for prosecuting the industrial racketeers of World War I—the War Transactions Section—was set up. By that time, many company records had been lost or destroyed, witnesses had disappeared, the public was apathetic to the prosecutions, and the statute of limitations, in many instances, barred further action. The War Transactions Section lasted four years, and during that period investigated nine hundred and ninety-five cases of alleged war fraud, secured thirty-seven criminal indictments, but was successful in obtaining only two convictions.

Much of the success of the present War Frauds Unit is due to the pains taken to prepare as effective a case as possible against those manufacturers and purveyors who attempt to mulct Uncle Sam of more than their just due. Heading the unit is a tall, soft-spoken and hard-hitting Texan, Assistant United States Attorney General Tom C. Clark, Chief of the Department of Justice's Criminal Division,

Digitized by Google Original from UNIVERSITY OF MICHIGAN

famed as a trust-buster and for the skill with which he supervised the evacuation of more than 100,000 alien and citizen Japanese from the West Coast, while on loan to the War Department early in the war. Aiding him is capable John Darsey, Assistant Chief of the Unit and former chief of the legal division of the Federal Trade Commission.

Scrupulously fair-minded and thorough, Mr. Clark insists on minute attention to detail in preparing and documenting a case for trial. He takes full advantage of the invaluable help offered him by J. Edgar Hoover's G-men and of information made available by organizations such as the senate committee formerly headed by Vice-President Truman, the House Naval and Military Affairs Committees, and the intelligence units of the Army and Navy. When, after months of careful preparation, he is ready to take his case into court, the chances are remote that astute corporation lawyers will find legal loopholes through which their clients may wriggle.

This thoroughness on the part of the Unit has paid handsome dividends in protecting the taxpayer from industrial racketeering and in giving American fighting men everywhere the world's finest means of offense and defense. At a time in which most government agencies have been subjected to public or congressional criticism of one kind or another, the War Frauds Unit has been free from censure from any source. On the contrary, the manner in which Tom Clark and his associates have functioned has won them the respect of friend and adversary alike.

One of the most sensational cases in which the War Frauds Unit intervened was that involving the powerful, nationally known Anaconda Wire and Cable Company. The company and officials of its plants at Marion, Indiana, and Pawtucket, Rhode Island, were accused by the Government of having deliberately supplied defective wire and cable, for communications and other military needs, to the armed forces.

The wire was to have been used by the Navy and Army Signal Corps for a multitude of purposes which included field communications, the operation of ammunition hoists, water pumps, antiaircraft batteries, range finders, signalling devices, radio equipment, sound-detection apparatus, and submarine mine-detection devices, where failure under combat conditions might bring death to hundreds of men. Despite the grave responsibility which rested on the company's officials, it was estimated that approximately ninety per cent of the

Digitized by Google Original from UNIVERSITY OF MICHIGAN

wire manufactured by Anaconda at the Marion plant alone was defective and had never been subjected to minimum standard tests to determine its suitability to military use. The exact amount of money lost by the Government through Anaconda's venture into fraud has not been disclosed, but it is known that in two years Anaconda received some $6,000,000 in government contracts for the manufacture of wire and cable for Army and Navy use. What the company's fraudulent activities may have cost in terms of human life and suffering is something that can never be known.

In announcing indictments against the firm on November 21, 1942, Attorney General Francis Biddle gave expression to the indignation which every American, whether in uniform or not, must have felt when the company's racketeering was exposed.

"This is one of the most reprehensible cases of defrauding the Government and endangering the lives of American soldiers and sailors ever to come to the attention of the Department of Justice," the Attorney General said. "I can conceive of nothing more vicious or treacherous than deliberately supplying our armed forces with defective war materials; and I am informed that only the alertness of Government inspectors and the promptness with which the War Frauds Unit and the FBI investigated complaints in this case prevented enormous quantities of defective wire and cable from being transported to our troops overseas."

The first inkling that anything was amiss with Anaconda's contribution to national defense was given by the Soviet Government, when it complained about the quality of Anaconda wire shipped to Russia for use in combat against the Germans. Red Army officers reported to the United States Army Signal Corps that fifty per cent of the field-telephone wire manufactured by the company and shipped to the embattled Soviet Union under lend-lease agreements had proved to be defective in one or more respects.

Checking on the complaint, FBI agents rapidly uncovered various ingenious devices at the Marion plant intended to deceive government inspectors and create the impression that the wire and cable conformed to official specifications. One of them made use of a concealed transformer or circuit-breaker on insulation-resistance test equipment. Commonly called a "button box" by those who operated it, this device could be secretly manipulated during government tests to give galvanometer readings of resistance ten times greater than the actual resistance of the wire and cable under test. In this fashion,

Digitized by Google Original from UNIVERSITY OF MICHIGAN

wire having an actual resistance of two hundred and twenty megohms could be made to simulate the minimum government requirement of 2,200 megohms of resistance per 1,000 feet of field wire.

The FBI investigation likewise revealed that Anaconda officials had frequently removed labels from inspected and approved wire and cable and had attached them to untested, defective, and inferior wire and cable intended for delivery to the armed services. Moreover, it was alleged by the Government in its complaint that practices such as these had been common at the Marion Anaconda plant for more than ten years.

The cynicism with which at least one Anaconda official condoned these practices was indicated by the Department of Justice, shortly after indictments had been returned against the company and officials, when it declared that Thor S. Johnson, general manager of all Anaconda mills, had urged mill foremen at Marion to greater efforts in swindling the Government and jeopardizing the lives of servicemen with the following stirring appeal:

"Any employee who is not able to get wire past these jerk inspectors ought not to be working in the plant."

Over the objection of the War Frauds Unit, pleas of *nolo contendere* were accepted from the defendants in Fort Wayne, Indiana, Federal Court early in June, 1943. Johnson was fined $10,000 and given a suspended sentence of two years; Frank E. Hart, manager of Anaconda's Marion Division, was likewise fined $10,000 and given a suspended sentence of eighteen months; Chalmer Bishop, chief company inspector at Marion, received a $500 fine and a suspended sentence of a year and a day; Don R. Carpenter, superintendent of the plant, paid $500, and Frank Kunkle, chief company inspector, was assessed $100. The company itself was fined $10,000.

At Pawtucket, investigation initiated by Tom Clark led to charges that Anaconda had delivered defective and inferior wire to the United States Army Signal Corps and to the British War Ministry. The Government alleged that, as early as November, 1940, officials of the Pawtucket plant had employed transformers and vacuum-tube devices to conceal defects in wire produced for military purposes. The vacuum-tube device was subsequently dropped in favor of simple label-switching, as at the Marion plant.

Other ruses employed at Pawtucket included the repeated use of the same rolls of wire for successive tests. The company's contract

Digitized by Google Original from UNIVERSITY OF MICHIGAN

with the Government called for a daily testing of three sixty-foot samples taken at random from new reels of wire manufactured each day. But, instead of obtaining the required samples from wire being currently produced, officials employed samples taken from a special reel of wire, used only for this purpose, which had previously been tested and approved.

It was also shown that the Pawtucket management had condoned the use of inferior saturation compounds, used in waxing wire and insulation to protect them from moisture and possible breakdown. Government inspectors checking the wax were shown a type which conformed to official specifications. As soon as the inspectors had taken their leave, production was resumed with inferior and less expensive waxes. The Government's indictment also charged the company with having instructed its employees to repair every fourth defect revealed by factory tests, instead of all defects, and to have ordered operators of sparking machines to cut off the red light which indicated defects in wire being manufactured or tested.

A federal court jury sitting at Providence on January 18, 1944, found the firm and four Anaconda officials guilty of having conspired to defraud the Government. Federal Judge John P. Hartigan fined the firm $10,000, and imposed sentences of eighteen months each on William H. Morley, assistant general manager of all Anaconda mills and former manager of the Pawtucket plant, and Jacob Eagleson, Pawtucket plant manager. Lowell K. Morrow, chief inspector of the factory, received a sentence of fifteen months, and William Eagleson, supervisor in the electrical test room, was given a year and a day in prison.

Exposure of these shockingly criminal practices at the two Anaconda plants had one healthy effect. With the handing down of appropriate indictments by the juries, the Anaconda Company took somewhat belated action to prevent a future recurrence of racketeering in its factories by adopting new inspection safeguards and increasing inspection facilites in all its divisions. Meanwhile, the Army ordered delivery stopped on all wire and cable produced at the two plants until further tests demonstrated their suitability for use by men who rarely get a second chance after their equipment lets them down.

Identical with the goings-on at the Anaconda mills were those which led to the prosecution and conviction of several officials and employees of the Collyer Insulated Wire Company, likewise of

Digitized by Google Original from UNIVERSITY OF MICHIGAN

Pawtucket. Here, too, label-switching, the use of misleading electrical devices, and the utilization of test-samples from approved stock reserved for that purpose were widely resorted to.

The War Frauds Unit investigated the case so diligently that within several months it had amassed an imposing wealth of irrefutable evidence against company and officials. The firm itself was fined $10,000; Joseph Lovell, chief electrical engineer, Frederick A. McManus, a plant superintendent, and Frederick L. Lawton, chief inspector, were each fined $5,000, while Adolf Czerniawski and Clarence Vigeant, test operators, were fined $2,500 each.

FBI Director J. Edgar Hoover had this type of racketeer in mind when he recently assailed the peculiar mentality which can put profit before the safety of the nation's millions of men in uniform.

"He is more contemptible than the saboteur," Mr. Hoover declared. "We have kept sabotage from America, but not the dollar patriot who would send faulty equipment to our soldiers."

16. Black Sheep in Industry

IN FACTORIES and shipyards from Maine to California, tens of millions of American workers—the men and women behind the man with the gun—have given the world an impressive demonstration of their wholehearted loyalty and devotion to their country. From mammoth 45,000-ton battleships to the infinitely precise and delicate mechanisms of range finders and bombsights, the instruments of battle used so effectively by Allied soldiers and sailors have borne witness to the unparalleled skill and single-minded patriotism of American labor.

But labor, like any other group, has its black sheep, and among all those tens of millions of workers there has been a handful of irresponsible individuals whose major contribution to the war effort has been the sabotaging of production and the criminal exposure of their countrymen to peril. Some of their work has been deliberate and some unintentional, but the net result has been the same—a slowing up of the flow of urgently needed arms to the fronts, or defective workmanship which takes its toll in human life.

Digitized by Google Original from UNIVERSITY OF MICHIGAN

The theft of vital—and often irreplacable—tools and equipment by dishonest workers has been one of the most serious problems with which industry has had to cope in keeping its assembly lines humming for war. Individually, these thefts may be small, but in the aggregate they have seriously handicapped production everywhere and have even brought certain types of production to a standstill until new tools and equipment could be found. Over a period of a year, one West Coast plant alone was robbed of more than $125,000 in essential tools, all of which had to be replaced before production could return to normal. J. Edgar Hoover, Director of the FBI, placed the loss at "millions of dollars worth of tools and materials urgently needed in turning out weapons and supplies," when he recently appealed to workers in strategic industries to help stem the flow of stolen tools by reporting those suspected of theft.

Persons found guilty of stealing or receiving government property, or property being manufactured by private enterprise under government contract, are liable to a maximum penalty of five years in prison and a fine of $5,000. Nevertheless, despite this deterrent, the number of petty thefts appears to be growing steadily. During the first six months of 1944, the FBI, which is closely concerned with keeping war production at peak levels, was required to investigate 3,094 cases involving the theft of materials from war plants under government contract, and succeeded in obtaining evidence which led to the conviction of more than 600 thieving employees. These figures represented an increase of approximately one hundred per cent over the corresponding period in 1943. As countermeasures to the rise in industrial thievery, the Government is speeding up prosecutions and demanding heavy penalties in every case.

One of those who was given ample time in which to reflect upon his misdeeds was Harold Seymour Jacobs, a plumber formerly employed at the Brooklyn Navy Yard, who received a sentence of a year and a day when he was convicted of having appropriated approximately $5,200 worth of government property over a period of eighteen months. A small truck was needed to cart away the loot which Jacobs had accumulated in the cellar of his home. In its diversity, it would have done credit to any well-stocked hardware shop. Included among many other items were rubber boots, piping, goggles, drills, hammers, screwdrivers, calipers, wire, springs, flashlight batteries, gloves, brushes, tape measures, hacksaws, and oil cans.

Digitized by Google Original from UNIVERSITY OF MICHIGAN

An additional $800 in stolen articles was found in Jacobs' locker at the Navy Yard, awaiting removal.

FBI investigation of another series of pilferings at the Brooklyn Navy Yard terminated in the arrest and indictment of six civilian employees of the yard who had succeeded in making off with 1,368 valves, valued at $20,000. The men pleaded guilty just before trial, and on June 1, 1944, three received jail terms of ninety days each, while the others were placed on probation. Still another investigation at an East Coast war plant led to the recovery of $7,800 worth of stolen government property. The extent of these depredations was cited by officials as an indication of what thefts in war plants throughout the country are costing the taxpayer in dollars and cents.

Small, easily concealed items are a favorite with sabotaging defense workers. One employee of the Kaiser-Oregon Shipbuilding Company at Portland was discovered to have stolen almost half a ton of high grade cabinet-maker's nails in two years, by the simple expedient of removing a pound or two a day in paper bags. Subsequent search of his home brought to light other easily portable items which included paint brushes, hacksaw blades, files, welding rods, friction tape, chisels, and flashlight bulbs and batteries. When questioned by special agents, he blandly informed them: "I just naturally like to take something home with me when I finish a day's work."

Most of the items stolen from war plants net the thieves a little extra blood money through sale to second-hand hardware dealers or pawnshops, or find their way into home workshops. But at least one case is on record where servicemen's lives were placed in jeopardy because of overhealthy appetites.

In September, 1943, FBI agents arrested Alphee Couture, Anthony Bruno, and Charles John Rosnell, three civilian employees at the Boston Navy Yard, on evidence that the trio had stolen emergency food rations from life rafts and lifeboats being outfitted for use by the Navy. The stolen articles consisted of two cans of pork, two cans of salmon, two cans of dried beef, two cans of corned beef, and four cans of sausage.

Although the value of these items was insignificant, they were, nevertheless, government property, and their removal from the life rafts might conceivably have spelled starvation for shipwrecked men adrift on the Atlantic or Pacific. The court took a severe view of the offense and sentenced Rosnell and Bruno to prison terms of a

Digitized by Google Original from UNIVERSITY OF MICHIGAN

year and a day apiece. Couture was placed on probation for two years.

Even more reprehensible are the activities of isolated groups of workers who have conspired to swell their earnings by means which may force a soldier or sailor to do his fighting with defective or useless equipment. Many who are employed on a piecework or bonus basis connive to do hurried, inaccurate work, reflected in greater individual production and fatter pay envelopes, and even succeed in bribing plant checkers to overlook flaws in their output. One such scheme was brought to a head at the Bethlehem Fairfield Shipyard near Baltimore early in 1943, when George Arnold Steele and Harley Brastus Miller were taken into custody by the FBI.

Steele and Miller were expert welders with clean employment records when Bethlehem hired them to work on badly needed Liberty ships ordered by the United States Maritime Commission. U-boats had been taking a murderous toll of American vessels in the Atlantic; hundreds of thousands of American troops had landed in Africa, and the nation's most urgent need at the time was a bridge of ships across the ocean to provide them with munitions and supplies. Steele and Miller might have rendered their country a real service. Instead, they placed their own enrichment before every other consideration.

By employing approved methods of welding, workers at the plant could earn from sixty to seventy-five dollars a week under a piecework arrangement. Steele and Miller, however, by resorting to the faster "bridge" and "slug" methods, were able to boost their own production to a point where they were earning an average of two hundred dollars a week. The only drawback to their method was that it was criminally unsafe.

In slug welding, the two steel plates to be joined are brought together and the welding rods laid in the resultant groove between them. On the surface, the product resembles an orthodox weld. In reality, no fusion of the plates has taken place, and the joint is so weak that any unusual stress will tear the plates apart. In bridge welding, the groove is merely covered over, leaving a dangerous air space between the plates. A ship constructed by this method is unsafe for duty at sea, and may break in two with the first buffeting by storm.

The two men came under the observation of government inspectors and FBI agents when it was noticed that the quality of their work was consistently inferior to that of their co-workers,

Digitized by Google Original from UNIVERSITY OF MICHIGAN

while their wages were always considerably higher. A brief investigation disclosed that this was no accident, and they were arrested. On April 19 and May 25, 1943, respectively, Steele and Miller were convicted and sentenced to serve eighteen months each in a federal penitentiary.

The ultra-modern, scientific crime-detection facilities of the FBI have proved invaluable in uncovering schemes of this type and in halting the consequent disruption of war production. Under powerful microscopes and X-ray apparatus in the Bureau's well-equipped laboratories, bad welding and other examples of shoddy workmanship are quickly detected and those responsible brought to book. These facilities have been just as effective in curbing another type of sabotage—the unintentional crippling of war industry arising from the prankishness or stupidity of thoughtless workers.

Every large factory can cite instances of valuable equipment wrecked beyond repair and employees injured or mutilated for life by the irresponsible horseplay and practical joking of a certain type of worker whose distinguishing feature is a perverted sense of humor. The havoc he creates may be completely unpremeditated, but in its effects it is identical with the carefully planned destruction of enemy agents and saboteurs.

When pieces of wire and steel wool were found in the gears of drill presses and stamping machines at a key war plant in Waltham, Massachusetts, investigation disclosed that playful employees at the plant were in the habit of throwing light metal objects at one another, some of which had fallen undetected into the machines. Production remained at a standstill while the machines were taken apart, cleaned, and reassembled. Several of the precision gears on which the machines depended for smooth and rapid operation were so scarred by the wire and steel wool that additional time was lost while replacements were obtained.

Jamming of electrical controls at a Congerville, Illinois, war plant resulted in a loss of over a thousand man-hours of labor. An FBI probe revealed that the damage had been done by an employee who was taking a prankish and perverted vengeance on his fellow workers because they had mischievously hidden his hammer. "I just wanted to get even with them birds," he told the federal agents, "but I didn't mean to stop production." Declining to prosecute, the Government contented itself with dismissal of the man from his job.

Digitized by Google Original from UNIVERSITY OF MICHIGAN

Three workmen at a shipyard in Richmond, California, suffered agonizing burns when mustard oil was sprinkled on them by fellow employees with a distorted sense of humor. Other workers at the same yard were hospitalized through the excessive puckishness of a riveting crew which specialized in slipping red-hot rivets and lighted cigarettes into fellow employees' pockets. In every case, hundreds of man-hours of labor were lost while workers dropped their tools to administer first aid or merely observe the proceedings.

At Decatur, Alabama, a steel worker succeeded in delaying extremely urgent armor-plate production by tampering with oxygen valves and playfully turning his acetylene torch on another workman's leg. The latter immediately dropped everything he was holding, including a delicate micrometer and other valuable precision instruments. "We kid around once in a while to relieve the monotony," the jester informed plant officials and FBI agents. He was given thirty days in the local jail in which to dwell upon the proper relation of humor to all-out war production.

A fire causing considerable damage to a war factory in Detroit was the climax to a bit of clean, wholesome fun on the part of employees who were wont to amuse themselves by placing lengths of string on fellow workers' shoulders and applying a match to the free end. One of the japesters, in his absorption with the festivities, tossed his still burning match into a boxful of oily rags and waste, and in an instant the shop was enveloped in flames. The fire was brought under control only after damage in excess of $10,000 had been caused to machinery and materials, and hundreds of man-hours of labor lost.

If a premium were to be set on perverted humor, it undoubtedly would go to Bernard Joseph O'Donnell, erstwhile buffoon at an industrial plant in Kearney, New Jersey. O'Donnell went to great pains to perpetrate a hoax on his employers and fellow employees which endangered their lives and disrupted work at the plant for several hours. On January 8, 1943, the United States Federal Court at Newark went to equally great pains to convince him, with a sentence of a year in prison and a fine of $100 for violation of the Federal Explosives Act, that the place and the time for practical jokes was not a war plant in wartime.

On the morning of September 6, 1942, O'Donnell dashed madly into the yard of the plant, carrying a lunch pail high above his head, and calling loudly for the guards. As they came running to-

Digitized by Google Original from UNIVERSITY OF MICHIGAN

ward him, he set the pail carefully on the ground, reached into it with the air of a man braving certain death, and tore a handful of wire from its interior. This done, he seized a fire extinguisher from a near-by wall and liberally sprayed the lunch pail with its contents.

Examination of the lunch pail revealed that it contained three sticks of dynamite capped with live detonators, and the mechanism of an alarm clock, removed from its case. O'Donnell breathlessly related what had happened.

"I just went into the cafeteria to get a soda and when I was coming out I saw this on a chair," he excitedly told the guards. "I thought one of my buddies had forgotten it, so I opened it up to see whose name would be on the inside. When I saw it was a bomb—well, the only thing I could think of was to get it out of there as fast as I could." He looked around him with becoming modesty.

FBI agents who had been called in by plant officials asked O'Donnell to repeat his story, and listened with growing skepticism. It was too well and glibly told, and indicated a heroism which did not ring true. On the following day, O'Donnell voluntarily accompanied agents to the Newark Field Office of the FBI, and after questioning, broke down and admitted that his discovery had been part of an elaborately planned hoax. He insisted, however, that he would confess the full details to only one man—FBI Director J. Edgar Hoover. A letter addressed to Mr. Hoover was found in his possession, which he claimed to have mailed and later reclaimed at the post office. Agents could find no evidence to corroborate this statement, and came to the conclusion that O'Donnell had been busy overnight concocting a plausible explanation for his weird prank. That explanation was as elaborately ingenious as the hoax itself.

O'Donnell related that, since he had come to work at the plant, he had been worried by the apparent laxity of the guards and had decided to bring this laxity to the attention of plant officials and authorities by demonstrating the ease with which explosives could be brought into the factory. He had found the dynamite in an abandoned mine and had concealed it among weeds near his home while he constructed a suitable bomb-case and clockwork firing mechanism. Thereafter, he brought the dynamite into the plant, a stick at a time, concealed in his thermos bottle, and had managed to pass the clockwork through the guards, wrapped as a sandwich. After assembling the bomb, he had stored it in a locker until the moment should arrive for his "discovery."

Digitized by Google Original from UNIVERSITY OF MICHIGAN

An examination of the bomb by FBI laboratory technicians disclosed that it had been properly assembled and wired and was of sufficient potency to blast a good part of the plant to bits. O'Donnell's prank had cost a loss in valuable production, but only a miracle had prevented his ill-conceived joke from boomeranging and bringing tragedy on himself and his fellow workers.

17. Cost Plus—Plus!

THE United States Government without a doubt is the world's best and most harassed customer today. The vast purchases of food, clothing, raw materials, munitions, medical supplies, and other commodities required by total warfare against a powerful enemy have reached astronomical proportions. These gigantic purchases, spread among hundreds of thousands of producers and purveyors on a world-wide scale, have made Uncle Sam a preferred target for the profiteer and racketeer.

Attempts have been made to defraud the Government on services and products which range from the construction of emergency housing projects for war workers to the sale of mackerel to the Navy, with every conceivable variant sandwiched in between. Trucks and tractors have been rented to the armed services at double their cost, through falsification of purchase prices and the consequent rise in rental value. Payrolls have been padded, inferior items substituted for those ordered, and every ruse and device employed to milk the taxpayer of extra dollars in illicit profits.

Behind these larcenies—successful or otherwise—are solitary operators playing a lone hand and well-organized groups of conspirators: large industrial enterprises, small shopkeepers, brokers, government workers, Army and Navy personnel, and a motley assortment of borderline racketeers. Combating them—and combating them most effectively—are the War Frauds Unit headed by Assistant United States Attorney General Tom Clark and J. Edgar Hoover's ubiquitous and efficient FBI.

The provisioning of the armed forces—one of the biggest single items in the Government's bill—has been a particularly fertile field

Digitized by Google Original from UNIVERSITY OF MICHIGAN

for the wartime profiteer. Five merchants in Norfolk, Virginia, under contract to supply food to the huge naval base in that city, were found guilty of making substitutions in items ordered—to their own profit and the Government's disadvantage. One of them, Claude A. Roberts, the proprietor of a local seafood market, was charged by naval authorities with having delivered nineteen shipments of frozen fish when his contract called for fresh fish. Moreover, on several occasions Roberts had substituted bonito mackerel for the more expensive Spanish mackerel specified by the Navy. A federal judge in Norfolk gave Roberts fifteen months in prison in which to meditate upon his misdeeds.

Other dealers in Norfolk likewise met with heavy penalties when the Navy demonstrated that they had been feathering their nests at government expense. Frank Panella, the operator of a dairy farm, received a sentence of a year and a day for delivering ice cream deficient in butterfat to naval establishments. Fruit, produce, and pastry dealers in the Virginia port were assessed stiff fines when it was proven that they had bribed Navy Yard commissary stewards to give them preference where the purchase of foodstuffs was concerned. Naturally, the fifty-dollar-a-week fee which each paid to the co-operating stewards was added, in one form or another, to the taxpayer's bill.

An ambitious food fraud was uncovered in 1942 at Camp Barkley, Texas, when Sergeant M. R. Peterson, attached to the station hospital as commissary steward, brashly decided to expand his operations. For some time, Peterson had been the envy of every one of his buddies. He occupied a rent-free apartment in near-by Abilene, provided by groceryman William Padgett, and received allowances of food, liquor, and cash from his benefactor the value of which often exceeded $250 a month.

"Padgett just took a shine to me," was Peterson's airy explanation of the grocer's munificence. In reality, it was Uncle Sam, and not the grocer, who was footing the bill for Peterson's rent, food, liquor, and cash advances. Acting in his capacity as commissary steward, Peterson had arranged for Padgett to supply a good part of the camp hospital's provisions, and any personal expenses incurred by him in living his life of ease were passed on to the Government by Padgett in higher prices or short weight. For good measure, Peterson and Padgett were in the habit of adding a flat mark-up of twenty per cent to the bill. Since Peterson's signature as steward

Digitized by Google Original from UNIVERSITY OF MICHIGAN

was all that was needed to make the monthly invoices payable as due, the pair had little difficulty in collecting through regular Army channels.

The swindle might have continued indefinitely had Peterson been content with his lot, but the success of his arrangements with Padgett led him to seek new worlds to conquer. He approached the manager of another Abilene food market with a proposal to turn a large part of the hospital's food purchases in his direction in return for a two-per-cent commission. The indignant merchant ordered Peterson out of the store, and reported the offer to camp officials.

Peterson is now serving out a term of five years at Leavenworth Penitentiary. Padgett never came to trial. Two hours after he was served with a warrant for his arrest, he committed suicide.

Frauds on the Government have even been discovered overseas. In February, 1943, the British Food Commission complained to American officials that dried egg powder shipped to England for civilian consumption under lend-lease agreements was unfit for use. The product also was being sent to American troops stationed in the British Isles.

On receipt of the complaint, the Department of Agriculture in Washington ascertained that the egg powder was being packaged by Samuel Dunkel and Company, of New York City, and turned this information over to the War Frauds Unit. Two weeks later, the FBI arrested four officials of the firm. Investigation had disclosed that the company had palmed off more than 600,000 pounds of previously rejected egg powder on the Government by packing it under inspection stamps and labels taken from other batches of the product which had met with official approval. Brought to trial, the quartet was convicted and sentenced to serve prison terms totaling nine years and pay fines aggregating $42,000.

Collusive bidding, whereby several manufacturers or dealers conspire to bid for government orders at a usually exorbitant figure which they have fixed upon by prearrangement, is another favorite device for defrauding the taxpayer and the nation.

One of the most sensational instances of this kind of bidding involved the prosperous Rockbestos Products Corporation, of New Haven, Connecticut. A total of $77,500 in penalties was levied against Rockbestos and nine smaller defendant companies for having bid collusively on Navy contracts for cable. Competition between the firms was forgotten as they banded together in a common de-

Digitized by Google Original from UNIVERSITY OF MICHIGAN

termination to extract the highest possible price from the Government for their product. By mutual agreement, no one company was to underbid any of the others in attempting to obtain contracts.

The plan was successful for a short time, but Navy procurement officers raised their eyebrows when identical bids were consistently received from all ten firms, and referred the matter to the War Frauds Unit. An FBI probe disclosed that the Rockbestos Company had taken the initiative, by common consent of the firms involved, in preparing estimates for submission to the Government, and had mailed these estimates to the co-operating companies for adoption by them. Through this collusion, the Government had no alternative other than to pay excessively high prices for the cable.

The New Haven cable picture has changed considerably since the conspiracy was broken up and its originators brought to trial. Savings of more than $500,000 have been effected by the elimination of what constituted a virtual bullying of the Government, and even greater savings are expected in the future by the return to normal competitive bidding.

Besides protecting the Government against overcharges and defective materials and equipment, the War Frauds Unit has the responsibility of making sure that critical materials intended for war production are not misused. Acute shortages of consumers' goods have often led to furtive attempts on the part of certain manufacturers to divert such materials from war production to the manufacture of scarce civilian goods. In their surreptitious efforts to steal a march on more conscientious competitors engaged in all-out production for war, unscrupulous manufacturers invariably come into conflict with directives of the War Production Board intended to make the nation's war production as complete and efficient as possible. That is where the War Frauds Unit steps into the picture.

When zippers went to war and a zipper-conscious public began to bemoan the return to buttons, clasps, and clamps on its clothing and luggage, manufacturers of these items found themselves in a mad scramble for whatever prewar zippers were available. Three New York zipper companies took a hasty look at the premium prices being offered for the ingenious slide fastener, and decided to ignore a WPB order prohibiting its manufacture. Within short order they had converted 5,000 pounds of copper, badly needed for shells, electrical apparatus, and other war needs, into 20,000 zip-

Digitized by Google Original from UNIVERSITY OF MICHIGAN

pers—each eighty inches long—to be cut into shorter lengths for use on coats and dresses.

The firms were the Ernst Slide Fastener Corporation, the Rex Slide Fastener Corporation, and the Atlas Slide Fastener Corporation, but their illicit production was not carried out under these trade names. In an attempt to conceal their participation in the scheme, they conducted their transactions under fictitious names and altered books and records accordingly—yet failed miserably. Suspicious of the large number of zipper-equipped garments being manufactured in New York factories, Federal agents questioned manufacturers and learned the source of the slide-fasteners. A total of $20,000 in fines was levied against the three firms for their part in violating WPB orders.

Frequent violations have taken place in connection with the production of common household articles. The Brillo Manufacturing Company, of Brooklyn, New York, was penalized $8,000 for having processed steel into steel wool for kitchen use after having been expressly forbidden to do so. The company exceeded by more than a million pounds the quota of steel assigned by the WPB to steel-wool manufacture. Harry Montague, of the Philadelphia firm of Trilling and Montague, paid a fine of $2,500 for having diverted precious iron and steel to the assembly of refrigerators and air-conditioning equipment, which were later sold to the city's swankiest homes and hostelries. On June 10, 1943, the Gulf Chemical Corporation of New York paid $500 for violation of a WPB order limiting the use of coconut oil, an essential ingredient in the production of strategic glycerine. Between April 1, 1942, and August 15, 1943, the company had exceeded the quota of coconut oil assigned to it for the manufacture of soap products by 26,193 pounds.

When direct evasion of WPB orders becomes difficult or impossible, some individuals and firms have no hesitation in resorting to the attempted bribery of government officials. They are seldom successful. Charles E. Kerpen, a dealer in secondhand automobile parts, discovered that when he offered a $2,000 bribe to Seymour Martin, of the WPB's Auto Parts Division. The latter immediately reported the offer to his superiors, who in turn reported it to the War Frauds Unit.

FBI agents took a hand in the case and arranged to cover a meeting with Martin, suggested by Kerpen, at which the money would change hands. Accordingly, Martin arranged a rendezvous with

Digitized by Google Original from UNIVERSITY OF MICHIGAN

Kerpen in Washington's vast Union Station, and as thousands of travelers surged back and forth around them, received two envelopes from Kerpen, each containing a $1,000 bill. The money had no sooner left Kerpen's hands, when FBI agents took him into custody.

Kerpen's plea of guilty to a charge of bribery was accepted in the District of Columbia Federal Court by the late Chief Justice Edward C. Eicher and Assistant United States Attorney Charles B. Murray, and was followed by a fine of $3,000. Kerpen indicated that he had a request to make of the court.

"Could I get back that money I gave Mr. Martin, so as to pay the fine?" he inquired.

"Most certainly not," Justice Eicher firmly replied, ruling that the money had been forfeited to the Government. Kerpen wryly dug deep into his pocket and paid. His brief trip to Washington had cost him $5,000—a rather expensive jaunt, but a very instructive one.

As the world's greatest single employer, Uncle Sam has fared no better at the hands of the racketeering gentry than in his role as the world's greatest single consumer. The fertile genius which is constantly conjuring up new ways and means of illegally denting the public treasury through government procurement and supply has been just as resourceful in padding payrolls and expense accounts—at the taxpayer's expense, as usual.

Until war broke out, Adolph Spalek and William Zrenchik had been just another pair of hardworking mechanical engineers in bustling Detroit. The two had been fast friends ever since they reached the United States from Hungary, shortly after the Armistice. They had gone through night school together, had worked side by side on one job after another, had been naturalized as American citizens together, and had prospered together, in a modest but comfortable way.

The war gave them the opportunity to fulfil a long-cherished dream—to organize their own company and start along the path which led to truly fabulous riches. Within short order the pair had set up the Spalek Engineering Company—makers of jigs, dies, gauges, fixtures, and machinery—and were supplying these essentials under subcontract to Ford, Chrysler, and General Motors for use in the manufacture of tanks, trucks, planes, and guns. By the end of the first year, the firm's books showed a handsome profit, but nothing

Digitized by Google Original from UNIVERSITY OF MICHIGAN

compared to what Spalek and Zrenchik had expected from the venture. They decided to remedy the situation.

Their methods were simple and direct. The Spalek Engineering Company was operating under a cost-plus subcontract, whereby the firm received a stipulated fee for its work, while costs of labor and materials were borne by the Government. Spalek and Zrenchik added the names of former employees, and employees on leave without compensation, to their payroll, and submitted the whole to the Government for payment. The difference between what they had claimed and what they actually disbursed in salaries went directly into their pockets.

To supplement their payroll padding, Spalek and Zrenchik likewise billed the taxpayer for hundreds of mythical jobs which they claimed to have performed for the three big Detroit manufacturers, and added the cost of repairing and repainting their machinery to the Government's bill, as allegedly necessary expenses incurred in manufacturing parts for war machines. Nor did their larceny stop at the factory. By resorting to subterfuge, the fledgling industrialists had their homes repaired, painted, and redecorated at government expense. In all, their frauds netted them an estimated $105,000 in cash and services.

Meanwhile, the War Frauds Unit had been taking more than a casual interest in the company's affairs, and on May 17, 1943, Spalek and Zrenchik were convicted by a federal court jury on charges of payroll padding and conspiracy to defraud the Government. Two weeks later, they received the stiffest sentences ever meted out to wartime racketeers. Spalek was visibly affected when his sentence was pronounced—twelve years' imprisonment and a fine of $30,000. Zrenchik fared only slightly better, with a sentence of seven years and a $20,000 fine.

Every payroll padding scheme has its own unique embellishments, reflecting the ingenuity and individuality of its perpetrators. It fell to the Triumph Explosives Corporation, of Elkton, Maryland, however, to come forward with a swindle which seemed to partake of all of them.

The company was one of the largest munitions makers in the country and boasted more than $50,000,000 worth of Army and Navy contracts when several of its officers and employees were charged by the Government with falsifying production costs, attempting to bribe Government inspectors, cheating stockholders by

Digitized by Google Original from UNIVERSITY OF MICHIGAN

setting up dummy corporations as subcontractors, and illegally diverting part of the company's profits to their own use.

According to the Department of Justice, every possible ruse was employed in victimizing the Government under the company's cost-plus contract. Money spent lavishly for clothing and liquor was entered on the company's books as necessary operating expenses. On one occasion, an expenditure of $7,956 for whisky was listed to the "purchase of raw materials." A few weeks later, $1,688 worth of shirts and ties was carried on the books as necessary "entertainment and advertising expenses." But even these were relatively small pickings for some of the officials, each of whom placidly pocketed an income from irregularities and manipulations which ranged from $33,000 to $85,000. In all, the frauds practiced by the Triumph Explosives Corporation were said to have cost the Government a cool million dollars, although steps have since been taken to recover the loot.

Gustave H. Kann, president of the corporation, and Joseph Ben Decker, vice-president and general manager, each received sentences of three years and were fined $2,000 apiece in Maryland Federal District Court for having used the mails to defraud Triumph's stockholders. Kann later appealed the conviction to the Fourth United States Circuit Court of Appeals, where it was upheld. On December 4, 1944, his sentence was reversed by a decision of the United States Supreme Court, with Justices Douglas, Black, Jackson, and Rutledge dissenting. Decker died of gunshot wounds in an Elkton hospital in April, 1944, shortly after the Supreme Court had refused to review his conviction. Six other defendants indicted with Kann and Decker chose not to contest the Government's case against them.

The Sullivan Drydock and Repair Corporation of Brooklyn, New York, one of the oldest and most important ship repair firms on the east coast, while enjoying $14,000,000 in government contracts was likewise convicted of having defrauded the Government by payroll swindles. Five of the company's executives benefited to the tune of $100,000 by appropriating fictitious raises in employees' salaries as often as the Government remitted funds for payrolls.

When the War Frauds Unit launched its investigation, it learned that several employees of the firm—all occupying subordinate positions—had received salary increases which boosted their annual wage from $4,000 to $60,000 at the end of a year's employment. The stunned employees recovered their breath long enough to inform

Digitized by Google Original from UNIVERSITY OF MICHIGAN

FBI agents that, not only had they never received any part of these handsome raises, but they had not even been aware of their existence.

It was obvious that somebody was pocketing the difference between the employees' actual salaries and those listed on the company payroll. Suspicion centered on the quintet of officials and they were confronted with their subordinates' testimony. All admitted their complicity in the fraud, but offered no defense for what they had done. Shortly before the case was due to come to trial, however, the Department of Justice received a check for $75,000 from the company.

Despite this partial and belated atonement, the Government vigorously pressed its charges home and heard all five defendants plead guilty to them in court. Anthony J. McAllister and Herbert Krauss, two of the firm's vice-presidents, were each given prison sentences of two years and fined $5,000 apiece, while William Watson, another vice-president, Walter Krauss, treasurer, and Leslie H. Finley, an administrative employee, escaped with jail terms of nine months each. The firm itself was ordered to pay a fine of $5,000.

Kick-back frauds have become a fairly common phenomenon on today's industrial scene, particularly in plants with large payrolls, but few practitioners of the racket are foolish enough to attempt to deceive government accountants with the astronomical salary increases which characterized the Sullivan Drydock and Repair Corporation case. Fictitious wage increases spread over many employees so that each receives a small and convincing boost in pay are just as profitable and much more likely to escape detection. Management, however, has no monopoly on the kick-back. A case which broke in June, 1942, revealed that many a scheme of this kind has its source in racketeering trade-union officials.

Implicated in the case were George J. Mannl, Thomas F. McGraw, John McGraw, and Jacob Betar, at that time officials of Local 106 of the AFL's International Operating Engineer's Union. More than $50,000 was collected illegally by Mannl and his associates from workers seeking jobs in the construction of the huge Army Regulating Station at Voorheesville, New York. In practicing their racket, the four union officials not only victimized new workers, but betrayed union members as well by hiring large numbers of non-union laborers and artisans and thereby nullifying a closed shop agreement with the construction firm.

Digitized by Google Original from UNIVERSITY OF MICHIGAN

The new employees were not permitted to join the union, however, and it was this restriction which put money into the quartet's pocket. Each man hired was required to buy a "permit card," costing from one to two dollars a day, as his authorization to work. Some employees who obtained their "permit cards" on credit were out as much as a third of their salaries each payday. At the height of construction, the scheme was netting the four men about $15,000 a month.

Just before the quartet pleaded guilty and were ordered to pay fines of $10,000 each, Attorney General Francis Biddle emphasized that the case should not be construed as an indictment of labor in general. "It should be noted that the International Union denounced the practices charged in the indictment and demanded that the defendants cease the 'permit card' system of employment," he said. It was significant that in referring to this case as being the first of its kind to terminate in indictment, Mr. Biddle promised that other indictments would follow. "The Department of Justice intends to crack down on dollar patriots wherever it may find them," he warned.

Apparently, Mannl failed to take the warning too seriously. A few months later he was again charged with having operated a "permit card" racket identical with that practiced at Voorheesville, this time involving the collection of a weekly assessment of two dollars and fifty cents from each of fifty workers employed on the construction of a naval supply depot at Scotia, New York. Brought to trial in Syracuse, he and his two accomplices pleaded guilty to the charges against them and were each fined $1,500.

Workers have not always been the victims of kick-back rackets. They have, at times, engineered some of their own.

What was perhaps the most fraternalistic fraud of this war ended on May 31, 1944, when, upon request of the War Frauds Unit, flying squads of FBI agents and deputy United States Marshals picked up one hundred and forty-three workers at the Bethlehem Steel Company's Hingham Shipyard, at Boston. The mass arrests smashed a well-organized conspiracy which had cost the Government and the shipyard an estimated half-million dollars in fraudulently earned wages.

Those involved were welders employed in the building of invasion craft and other war vessels for the Navy, and "counters" who tallied each worker's production as it came off assembly lines so that

Digitized by Google Original from UNIVERSITY OF MICHIGAN

wages might be computed on the prevailing piecework basis. Organized into some thirty "clubs," each of which numbered one or two counters and from three to thirty welders, the workers had arranged for counters falsely to credit welders with extra production. In return, welders were required to kick back part of their extra weekly earnings to the counters.

Each of the clubs had its duly elected president and delegates, whose duty it was to meet with delegates from other units at regular intervals and devise new angles to the racket. At weekly "club meetings," welders and counters assembled to adjust their respective accounts and hear suggestions from delegates on how to co-operate more effectively and profitably.

As it was, counters could depend on an average of at least seventy-five dollars a week in extra income from the scheme, with welders averaging an extra twenty dollars in each pay envelope. In checking the bank accounts of club members, FBI agents learned that one man had been able to bank more than $8,000 in a single year, on an annual salary of approximately $4,000. Another worker had spent his sick leave in Florida in a style which never would have been possible had he been forced to depend on his legitimate earnings.

A few rugged individualists at the yard looked with disdain on the operations of the clubs. By turning out standard welding while claiming wages for special welding at higher rates, they were able to eliminate the kick-back to the counters and emerge with that much extra to their credit each week.

Many of the arrested workers complained bitterly that they had been bludgeoned into joining the clubs by threats that their output would be given a short count if they did not, but their protestations fell on deaf ears. Complaints filed by the War Frauds Unit soon resulted in several indictments, with others in the offing. Meanwhile, ration boards recalled supplementary gasoline rations issued to each of the workers, and Internal Revenue officials began to consider with interest the possibility that some of the suspects might have failed to declare their club dividends in income-tax returns.

While the Hingham Shipyard fraud was one of the most ambitious from the standpoint of the number involved in it, it was nothing new to authorities. On March 21, 1944, thirty-six workers at the Bethlehem Sparrows Point Shipyard, near Baltimore, found themselves faced with similar charges. FBI Director J. Edgar Hoover estimated that the racketeers at Sparrows Point had bilked the Gov-

Digitized by Google Original from UNIVERSITY OF MICHIGAN

ernment and their employers of more than $1,000,000 in a single year on the construction of merchant ships for the United States Maritime Commission. Some of the counters were believed to have netted from ten to fifteen dollars a day over and above their regular wages, all of which eventually came out of the taxpayer's pocket.

Honest workers who refused to have any part in the racket were coerced by short counts, whereby a smaller production and a correspondingly smaller wage was attributed to them by counters than was really the case, or by delays in tallying which would result in like delays in the receipt of paychecks. Other workers found themselves involved in the scheme when they loaned money to counters, and were persuaded to accept repayment in extra, falsified work credit.

Special agents investigating the case were told that it was almost impossible for an employee to get along at Sparrows Point without being party to the racket. That was not a difficult statement to believe.

18. The Man in the Middle

THE cut and quality of his clothes betokened the successful executive, but as he sat morosely toying with an empty highball glass his air was that of a man who had tasted of the bitterest dregs which life could offer.

For three weeks he had trudged wearily along endless miles of corridor in vast, sprawling Washington government buildings, vainly seeking a war production contract for his factory in New England. For three weeks he had sat—at first impatiently, and finally in abject resignation—for interminable hours in official anterooms, awaiting audiences with courteous, but unsympathetic, federal officials.

Now it was all over. That very evening he would return to New England—beaten and empty-handed.

A snatch of conversation from an adjoining table penetrated the gloom in which he had enwrapped himself.

"Sure thing! You'll have the contract in a week if you can meet

Digitized by Google Original from UNIVERSITY OF MICHIGAN

the specifications. . . . Think you can? . . . It's in the bag then!"

The frustrated industrialist stared incredulously in the direction from which the words had come. His eyes came to rest on a middle-aged man, a happier version of himself, and on a younger man who exuded brisk confidence from every pore. A glimmer of understanding came into his eyes. He rose quickly from his seat and approached them.

"Excuse me, gentlemen," he smiled ingratiatingly, "I couldn't help overhearing part of your conversation. Am I to understand that there is a way of getting contracts in this confounded town?"

The younger man nodded emphatically. "You bet! In fact, getting them happens to be my business. I've just finished arranging one for this gentleman here."

"Then you're just the man for me," the industrialist murmured blissfully as he drew up a chair. Within a fortnight he was affixing his signature to a government cost-plus contract involving a million dollars in materials. A day later he affixed his signature to a check for $50,000, his youthful benefactor's commission at five per cent of the total involved. Everybody was happy—except the taxpayer. For the chances were excellent that, sooner or later, the taxpayer would be called upon to make good that $50,000 broker's fee.

Brokers, for better or worse, have been an accompaniment of every war in which this country has engaged, but never have their activities been so widespread or so well organized as during World War II. Washington is their preferred habitat, and they have descended upon the capital in droves, but almost any large industrial center can serve their ends just as readily. Given a glib tongue, a pleasing personality, and a case of whisky or credit at some good bar, they are ready to hang their shingles on headquarters which range from a vacant taproom table or hotel-lobby telephone booth to luxurious suites of offices in the shadow of the White House and the Capitol.

Rarely do they call themselves brokers. They prefer the more beguiling euphemisms of "manufacturer's agent," "public relations counselor," "legislative representative," "intermediary," or "expediter." As a class, they are above the average in wit, charm, and education. Many hold college and engineering degrees, others have been successful promoters, realtors, and bond salesmen, while at least one was a dentist who had abandoned picking at patients' molars for the more attractive pickings in brokerage.

Despite the terrific cost of the lavish entertainment which they

Digitized by Google Original from UNIVERSITY OF MICHIGAN

bestow on clients and "contacts" as an essential part of their activities, their income as individuals and as a group has been startling. One war broker took over a sumptuous mansion in Washington's Georgetown, at a fantastic price, in which high government officials and prominent industrialists met over costly delicacies and expensive liquor. Another agent retained a full suite of rooms at the fashionable Shoreham Hotel for impromptu parties and conferences, and nonchalantly paid its high rental out of commissions which ran into six figures annually. Three other Washington brokerage firms were reputed to have cleared a million dollars in commissions as the result of a single year's operations. Congress recently enacted a law making all commissions in excess of $25,000 from the procuring of government contracts subject to renegotiation, but this law still has to meet its real test in court. Meanwhile, the brokers continue to reap a bumper harvest.

Strangely enough, although most of these fabulous commissions are eventually passed on to the taxpayer as hidden charges or "production costs," they are within the law as long as collusion or conspiracy to defraud the Government is not involved. When, early in 1943, a war broker and a California technical school were charged with conspiring to violate a contractual clause which stated that none but "bona fide company agents" might engage in seeking contracts, the courts ruled that anyone employed by a company for that purpose, whatever his antecedents, was a bona fide agent.

Nevertheless, the War Frauds Unit of the Department of Justice has been keeping a wary eye on war brokers, and on some features of their activity in particular. Of special interest to Assistant United States Attorney General Tom Clark and his associates has been the steady success enjoyed by certain brokers in protecting clients from penalties incurred through failure to deliver materials on time or otherwise fulfil the terms of government contracts. Of equal interest to Mr. Clark has been the manner in which many war brokers have provided themselves with special passes to the War and Navy Departments and other government agencies, in apparent violation of security measures.

In at least two instances, this vigilance has been responsible for the interruption of war brokerage rackets involving conspiracy to defraud the Government. Six men are now awaiting trial in Washington on charges of having fraudulently represented themselves, by word of mouth and in correspondence and brochures sent through

Digitized by Google Original from UNIVERSITY OF MICHIGAN

the mails, to constitute a competent and experienced engineering firm with special qualifications and facilities for securing war contracts from the Government. The indictment handed down in their case charged that the men had little or no experience of the sort claimed, and were unable to provide any of the services for which they accepted compensation in advance.

It was also revealed by the indictment that fees of as large as $7,000 had been collected from clients, and agreements drawn up which called for commissions of as much as eight per cent on all contracts obtained. Each of the men had taken an active part in the affairs of the firm, and large sums had been spent on entertainment, travel, and hotel bills to create the necessary illusion of confidence-inspiring prosperity. The men had even created a fictitious advisory board, using the names of several nationally known and reputable engineers without the latter's knowledge or consent.

The biggest case involving persons charged with accepting fees to influence and facilitate the awarding of government contracts was brought to a head on September 8, 1943, when twelve men were indicted in Philadelphia for conspiracy to defraud the Government. Those indicted included civilian War Department employees at the Philadelphia Quartermaster Depot and officials or agents of companies which had obtained contracts from the depot.

A clerk at the depot was charged with having received several hundred dollars in fees for the assistance which he had given the operator of a needlework factory in obtaining an Army contract for the manufacture of 53,000 cotton mattresses. The factory owner, in turn, was charged with bribery of a government employee. The transaction likewise violated a law prohibiting federal employees from accepting gratuities or compensation for services rendered as part of their official duties.

Another clerk and a junior purchasing agent were similarly accused of having accepted amounts up to $500 from other manufacturers, in return for facilitating the procurement of government contracts for the manufacture of 50,000 raincoats, 208,000 barracks bags, 150,000 cotton mattress covers, and large quantities of other items. The plant owners were haled into court on bribery charges.

The conspiracy came to light when a manufacturer in Omaha, Nebraska, informed the Department of Justice that he had submitted a bid on mosquito-bars to the depot through regular channels, and had subsequently received a long-distance telephone call

Digitized by Google Original from UNIVERSITY OF MICHIGAN

from a depot employee, urging him to increase the amount of his bid. The employee, among those later indicted, had proposed an increase from ninety-five cents to a dollar thirty-five on the manufacturer's bid per bar, the difference to be split equally between them. The Omaha manufacturer wrathfully rejected the suggestion and immediately reported it to the War Frauds Unit. Brought to trial, each of the conspirators received prison terms ranging from six months to two years each, plus dismissal from federal employment in the case of the depot workers.

Brokers in Washington normally restrict the scope of their activities to obtaining contracts for munitions and supplies. In other parts of the country, however, and particularly in bustling industrial areas, acute labor shortages have given rise to a form of middleman racketeering which nets those engaged in it millions of dollars from a strange traffic in human beings.

Dominating the labor-brokerage scene are scores of so-called "engineering firms" which recruit workers from all parts of the country and farm them out to hard-pressed employers at wages far above prevailing scales. The difference between prevailing wage scales for a given occupation and area and those demanded by the brokers constitutes the latter's profit.

The majority of these labor brokers, most of whom launched into operation with no greater assets than a few thousand dollars for advertising, are concentrated in the Detroit area, but recent months have seen them swarming into other parts of the country. Edward L. Cushman, director of the War Manpower Commission's field activities in Michigan, has estimated that at least one hundred of Detroit's so-called engineering firms are engaged in labor-brokerage practices.

By means of attractive inducements, persuasively presented in widely scattered newspaper advertising, the labor brokers succeed in luring essential workers from jobs in one vital production area to work elsewhere. The come-on may include hourly wages thirty and forty cents above union scales, income-tax-free expense allowances of six dollars a day in addition to wages, and even, in some instances, free rail or bus transportation to new jobs.

The labor brokers can well afford to be generous, for every penny which they disburse, and a good deal more, is recovered from the employer to whom the imported labor is assigned. The terms on which workers are furnished to employers may vary in

Digitized by Google Original from UNIVERSITY OF MICHIGAN

minor aspects, but the broker's profit remains consistently high. For a worker to whom sixty-five cents an hour is paid, the broker may extract three dollars an hour from the employer, pocketing two dollars and thirty-five cents as his own. For a technician earning three dollars an hour, the broker may collect twelve dollars an hour, of which nine dollars will be his graft. Overtime brings him even higher commissions. To ensure absolute control over the labor supply which he has imported, the broker invariably insists, in his labor contracts with employers, that the latter convey wages directly to him instead of to the employee. As long as the worker must come to the broker for his pay, his glorified peonage remains complete and unshaken.

Do many employers balk at the broker's excessive labor charges? Not a bit—for not a penny comes out of their pockets. The delightful cost-plus contracts whereby the Government assumes all labor and material charges take care of everything. And what labor-brokerage has cost the Government should be enough to make any taxpayer's hair stand on end.

One "engineering service" offering no perceptible engineering services netted $250,000 from a pint-size office in Detroit in 1943, and the Government is making ready to prove to a federal grand jury that all of that booty came from labor-broker racketeering. In another instance, a brother-sister partnership, fresh out of college, billed industrial firms for a total of $1,207,902 for the rental of war workers in the Detroit area during 1943. Of this sum, they paid $803,161 in wages to their stable of workers and retained $404,741 for themselves—to be charged by employers to the taxpayer under cost-plus contracts. Another highly successful association of three men and their wives feathered their nests with $657,437 of the taxpayer's money during 1942 and 1943 through this type of racketeering. In 1943 alone, they collected $1,005,780 in labor-hire from industrial firms, paid $669,000 to their workers, and pocketed $336,780.

During a hearing conducted by the Senate committee formerly headed by Vice-President Truman, a nationally known Southern shipbuilder testified that his operating expenses had leaped from $36,000 to $105,000 a week because of labor brokerage, his only source of labor supply at that time for vital shipbuilding operations. All told, the company had been forced to rent labor from five labor brokers for $2,112,583, when wages at prevailing scales to workers

Digitized by Google Original from UNIVERSITY OF MICHIGAN

hired directly would have been only $728,794. Similar testimony by other leading manufacturers of war equipment pointed clearly to a nation-wide racket which was—and is—costing the taxpayer untold millions in tribute to racketeering brokers.

And that is only part of the story. The tendency of many labor-brokers to increase their already fantastic booty by promiscuously hiring out unskilled laborers as skilled technicians, at proportionately higher rates of pay, is taking a heavy toll of lives, time, and money in defective and scrapped equipment, slow and uncertain production, and a rapid turnover of labor. Equally serious is the demoralization of war workers hired through legitimate channels and the consequent impairment of the volume and quality of war production, as they see labor-brokerage protegés on the same assembly lines earning higher wages for the same work, and topping these higher wages off with a per diem allowance of six dollars a day for expenses.

In an attempt to spare the nation further victimization and remedy a labor morale situation which the War Manpower Commission has termed exceedingly grave, Representative Andrew J. May, chairman of the House Committee on Military Affairs, has launched a probe of the entire labor-brokerage racket. It is to be hoped that his investigation will result in speedy action by Congress to halt these fantastic depredations. Until then, the labor-brokerage racket will continue to be an obvious racket—but a racket in everything but the legal sense.

19. Postwar Prelude

IT WOULD be ironic if this country were to emerge victorious from battle against the international gangsters of Tokyo and Berlin, only to lose the fight to racketeers at home. Yet that is the possibility which will confront the nation as it turns its back on war and takes up the thread of peacetime living. The one army which can be counted on not to demobilize after the war is the army of assorted crooks, counterfeiters, confidence men, thugs, hijackers, and black marketeers whose racketeering has exacted a

Digitized by Google Original from UNIVERSITY OF MICHIGAN

heavy tribute from their countrymen at war. Their postwar plans have been made, and, in many instances, they are not even waiting for the postwar period to put them into practice.

The shape of things to come was evidenced in Atlanta recently when Secret Service agents arrested three men on charges of having stolen and forged nine checks issued to veterans as mustering-out pay. It is a safe bet that thefts and forgeries of this kind will become so frequent as to be commonplace with the end of the war, when millions of servicemen are mustered out of the services. A similar toll will be taken by postwar mailbox prowlers in millions of insurance, pension, and disability allowances.

The "misery" gyp-artists stand ready to work new refinements of cruelty on servicemen's families. Their chief asset will be the still burning hope and anxiety of those whose sons and brothers and husbands and sweethearts have been listed as missing in action. The fate of many of these men will never be known, but the human tendency to grasp at any straw in despair will be fully exploited by racketeers claiming to bear welcome tidings of those missing. Blood-brother to the misery racketeer will be the confidence man who, for the usual consideration, will use his "influence" with high Army and Navy officers to speed the return of individual soldiers to their homes.

Bogus, fly-by-night veterans' organizations have already mushroomed over the country and are patiently biding their time until demobilization brings millions of new veterans home. Promoters of these rackets will launch whirlwind membership drives, collect entrance dues or contributions for "organizational work," and vanish. How successful they will be will depend on the effectiveness of bona fide organizations like the American Legion and Veterans of Foreign Wars in combating them.

Quacks and healers will flourish, as they did after the last war, with promises of miraculous cures held out to maimed and disabled veterans. A white coat and stethoscope, a glittering array of nostrums and instruments, and self-conferred degrees will convert many racketeers into "specialists." Their toll will not be measured in money alone, but in irreparable damage and agony inflicted on trusting victims by their criminal ignorance and bungling.

Fraudulent claims for damage to private property by the armed forces will deluge the Government. Some, pure figments of the imagination, have already begun to trickle in on Washington.

Digitized by Google Original from UNIVERSITY OF MICHIGAN

Others have been exaggerated out of all proportion to the damage actually done.

And as highly organized gangs of black marketeers turn from bootleg gasoline and liquor to other fields, the nation will be faced by a threat of mass lawlessness which will make the gangsterism of prohibition days seem like kindergarten antics.

Paradoxically, one of their ripest opportunities will lie, not in commodity shortages, but in commodity surpluses. The close of hostilities will see this country engaged in the greatest rummage sale in history, with billions of dollars' worth of surplus war materials being sold at a fraction of their original cost by the War, Navy, and Treasury Departments, the Maritime Commission, War Food Administration, War Production Board, Foreign Economic Administration, Smaller War Plants Corporation, and numerous other federal agencies.

When the surplus war materials of the last war were inventoried in 1919, it was found that their value was less than six billion dollars. A recent estimate by the Office of War Information places the value of surplus war commodities which will await disposal after this war—exclusive of guns, ammunition, and other ordnance—at one hundred billion dollars. Another authoritative estimate by the War Production Board adds four billion dollars—not chicken feed by any means—to the OWI's figure.

Approximately half of that total, according to the best estimates, will be accounted for by surplus shipping, housing, airfields, industrial equipment, and other items not readily adaptable to everyday civilian use. The remainder—about fifty-two billion dollars' worth—will consist of raw materials, commodities, and goods in process which can find a relatively ready outlet among the civilian population.

They will include four billion dollars' worth of motor vehicles, tractors, and automobile accessories; almost two and a half billion dollars' worth of raw materials of every kind; almost two billion dollars' worth of foodstuffs; more than seven hundred million dollars' worth of clothing; four hundred million dollars' worth of railroad equipment; nearly a hundred million dollars' worth of photographic supplies, and billions of dollars' worth of other commodities on which this country's 130,000,000 consumers have been casting longing eyes since Pearl Harbor.

This gigantic stockpile of civilian essentials can contain the seeds

Digitized by Google Original from UNIVERSITY OF MICHIGAN

of new rackets, as increased supplies of gasoline, meats, and liquor slash into black market revenues, and well-organized gangs of racketeers cast around for other means of getting rich quickly. An elaborate machinery has been set up in Washington, in the shape of the Surplus War Property Administration, to handle the sale of surplus merchandise in such a way as to protect normal civilian production and distribution from the competition of surplus war commodities and discourage speculation and racketeering. Nevertheless, the racketeers have already muscled in on surplus property disposal.

Testifying before a senate investigating committee in Washington late in September, 1944, New York's Mayor Fiorello H. La Guardia declared that when the city found itself in need of tires for sanitation trucks, it was referred by the War Production Board to four dealers. Three of these suppliers, the mayor charged, were junk dealers under investigation for complicity in interstate automobile thefts, while the other was a corporation represented by a former convict. All of them had been able to buy tires as surplus commodities in New York City and other large communities, while essential municipal agencies went empty-handed, he added.

"It's getting to be that instead of looking up suppliers in Dun and Bradstreet, you check them with the Police Department and the FBI," cracked Mr. La Guardia.

Mr. La Guardia named the ex-convict as Irving Wexler, best known, among all his numerous aliases, as Waxey Gordon, and his employer as the Wide World Mercantile Company and Consolidated Industries, Incorporated. Gordon, one of the key figures in bootlegging in the New York area during prohibition, had served at least three penitentiary terms for income-tax evasion and other offenses, and, by his own admission before the same Senate committee, currently owed the Government an income-tax bill which, with penalties and accrued interest added, totaled approximately $3,000,000. Gordon denied any connection with the purchase or sale of government surplus commodities, but evidence introduced at the hearing by New York detectives, including transcripts of telephone conversations between Gordon and others, tended to refute that denial.

Albert Terry Fahye, an officer of the Wide World Mercantile Company and Consolidated Industries, Incorporated, told the Senate committee that Gordon had been discharged that very morning because of the unfavorable publicity which he had brought the or-

Digitized by Google Original from UNIVERSITY OF MICHIGAN

ganization. Fahye added that he himself had no bank account or funds available for the purchase of surplus merchandise, but had been able to borrow $10,000 from Sam Lazar, of Philadelphia, for that purpose. A check with the Philadelphia police indicated that Lazar was a distributor of pinball machines in that city, and had been a close associate of Max "Boo-Boo" Hoff, Philadelphia's most notorious gang leader during the prohibition era. It was also revealed that the Wide World Mercantile Company and Consolidated Industries, Incorporated, had attempted to offer a job to P. T. Connell, of the Treasury Department's Procurement Office in New York, and had been flatly turned down by that official.

"This shows what will happen in the sale of government surpluses after the war unless precautions are taken," observed Rudolph Halley, counsel for the committee, at the close of the hearing. "Of the men in this group questioned, not more than one could account for his earning his living for the past twelve years. Not more than one or two had bank accounts. They were a combination of ex-gangsters and Washington expediters—the boys who were getting contracts for manufacturers in the early days of the war effort."

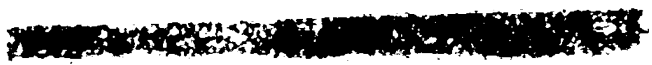
The situation presents a challenge to all: to the citizen, to the legislator, and to the law enforcement officer. Legislation to eliminate legal loopholes and give federal, state, and local law enforcement officers greater effectiveness; an inexorable determination by the latter to drive the racketeer out of business; and public support and co-operation in the fight against the racketeer will help achieve the goal.

Digitized by Google Original from UNIVERSITY OF MICHIGAN

Digitized by Google
Original from
UNIVERSITY OF MICHIGAN

Digitized by Google
Original from
UNIVERSITY OF MICHIGAN

Digitized by Google
Original from
UNIVERSITY OF MICHIGAN



Digitized by Google

Original from
UNIVERSITY OF MICHIGAN

Digitized by Google
Original from
UNIVERSITY OF MICHIGAN